



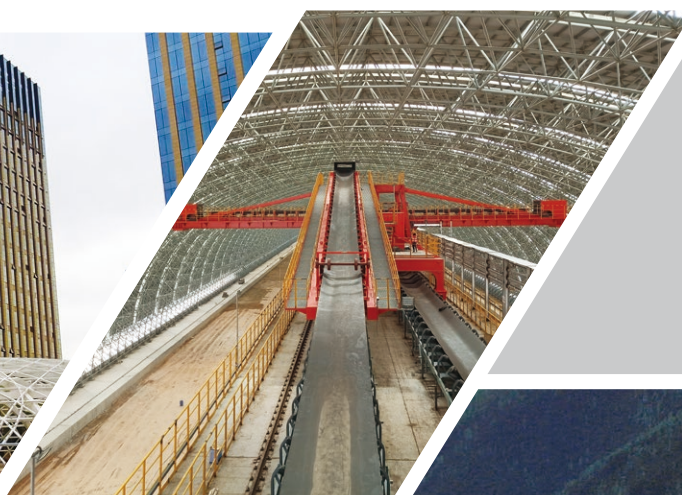
# 中鋁國際工程股份有限公司

China Aluminum International Engineering Corporation Limited

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 2068

## INTERIM REPORT 2021



## IMPORTANT NOTE

- I. The Board, Board of Supervisors, directors, supervisors and senior management of the Company guarantee that the contents of the interim report are truthful, accurate and complete, free from any false statement, misleading representation or major omission, and are legally liable therefor on a several and joint basis.
- II. All directors of the Company attended the Board Meeting.
- III. This interim report is unaudited.
- IV. WU Jianqiang, the Company's principal, ZHANG Jian, the accounting principal, and ZHANG Xiuyin, the accounting function's principal (the person in charge of the accounting function) undertake that: the financial report in this interim report is truthful, accurate and complete.
- V. Proposal for Profit Distribution or Proposal for Converting Capital Reserve into Share Capital for the Reporting Period as Adopted by the Board

No

- VI. Forward-looking Risk Statements

☒Applicable   ☐Not applicable

This report contains some predictive statements based on subjective assumptions and judgments about future policies and economic trends. Subject to many variable factors, actual results or trends may deviate from these predictive statements.

Forward-looking statements such as future plans mentioned in this report do not constitute the Company's substantive undertakings to investors. Investors should be aware of investment risks.

- VII. Any Funds Occupied by the Controlling Shareholder or its Related Parties for Non-operating Purpose

No

- VIII. Any Guarantee Provided for Any Third Party in Violation of Required Decision Procedures?

No

- IX. Whether more than half of the directors could not guarantee the authenticity, accuracy and completeness of the interim report disclosed by the Company

No

## IMPORTANT NOTE

### X. Material Risk Disclosure

The Company mainly faces the overseas operation risk, PPP business risk, cash flow risk, business structure and transformation risk, and personnel health risk. For details, please refer to“(I) Potential risks” under “V. Other Disclosures” in the section under the heading of “Section 3 Management Discussion and Analysis” of this report. Investor attention is drawn thereto.

### XI. Other Note

☒Applicable   ☐Not applicable

For the purpose of this report, all amounts are expressed in RMB unless otherwise specified.



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| Documents for inspection | Financial statements signed and sealed by the person in-charge of the Company, chief financial officer and head of the accounting department                                      |    |
|                          | The original auditor's report with the seal of the accounting firm and signatures and seals of the signing accountants                                                            |    |
|                          | The original copies of the documents and announcements of the Company published during the reporting period in the press media designated by the CSRC for information disclosures |    |
|                          | The interim results announcement for 2021 published on the Stock Exchange                                                                                                         |    |



## SECTION 1 DEFINITIONS

For the purpose of this report, unless the context otherwise requires, the following terms have the following meanings:

### Definition of Terms

|                                         |                                                                                                                                      |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| “the Company”, “Company”,<br>“Chalieco” | China Aluminum International Engineering Corporation Limited (中鋁國際工程股份有限公司)                                                          |
| “Group”                                 | the Company and its subsidiaries                                                                                                     |
| “Chinalco”                              | Aluminum Corporation of China (中國鋁業集團有限公司), our controlling shareholder                                                              |
| “Luoyang Institute”                     | Luoyang Engineering & Research Institute for Nonferrous Metals Processing (洛陽有色金屬加工設計研究院有限公司), one of our promoters and shareholders |
| “State Council”                         | the State Council of the People’s Republic of China                                                                                  |
| “NDRC”                                  | the National Development and Reform Commission of the People’s Republic of China                                                     |
| “MIIT”                                  | the Ministry of Industry and Information Technology of the People’s Republic of China                                                |
| “Ministry of Finance”                   | the Ministry of Finance of the People’s Republic of China                                                                            |
| “SASAC”                                 | the State-owned Assets Supervision and Administration Commission of the State Council                                                |
| “CSRC”                                  | the China Securities Regulatory Commission                                                                                           |
| “SSE”                                   | the Shanghai Stock Exchange                                                                                                          |
| “Stock Exchange”                        | the Stock Exchange of Hong Kong Limited                                                                                              |
| “SSE Listing Rules”                     | the Rules Governing the Listing of Stocks on SSE                                                                                     |
| “Listing Rules of the Stock Exchange”   | the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited                                             |
| “IFRS(s)”                               | the International Financial Reporting Standards issued by the International Accounting Standards Board                               |
| “IAS(s)”                                | the International Accounting Standards and their interpretations                                                                     |
| “Board”                                 | the board of directors of the Company                                                                                                |
| “Board of Supervisors”                  | the board of supervisors of the Company                                                                                              |
| “Audit Committee”                       | the audit committee of the Board                                                                                                     |
| “Remuneration Committee”                | the remuneration committee of the Board                                                                                              |
| “Risk Management Committee”             | the risk management committee of the Board                                                                                           |
| “Strategy Committee”                    | the strategy committee of the Board                                                                                                  |
| “Nomination Committee”                  | the nomination committee of the Board                                                                                                |



## SECTION 1 DEFINITIONS

|                                                          |                                                                                                                                                                                                                              |
|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Chalco”                                                 | Aluminum Corporation of China Limited (中國鋁業股份有限公司), listed on New York Stock Exchange (stock code: ACH), Shanghai Stock Exchange (stock code: 601600) and the Stock Exchange (stock code: 2600) and a subsidiary of Chinalco |
| “Chinalco Finance”                                       | Chinalco Finance Company Limited (中鋁財務有限責任公司)                                                                                                                                                                                |
| “SAMI”                                                   | Shenyang Aluminum & Magnesium Engineering & Research Institute Co., Ltd. (瀋陽鋁鎂設計研究院有限公司), a wholly-owned subsidiary of the Company                                                                                           |
| “GAMI”                                                   | Guiyang Aluminum & Magnesium Design Institute Co., Ltd. (貴陽鋁鎂設計研究院有限公司), a wholly owned subsidiary of the Company                                                                                                            |
| “CINF”                                                   | Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy (長沙有色冶金設計研究院有限公司), a wholly-owned subsidiary of the Company                                                                                      |
| “CNPT”                                                   | China Nonferrous Metals Processing Technology Co., Ltd. (中色科技股份有限公司), a subsidiary owned as to 73.5% by the Company                                                                                                          |
| “Changkan Institute”                                     | China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd. (中國有色金屬長沙勘察設計研究院有限公司), a wholly-owned subsidiary of our Company                                                                       |
| “Kunming Survey and Design Institute”                    | Kunming Survey and Design Institute Co., Ltd. of China Nonferrous Metals Industry (中國有色金屬工業昆明勘察設計研究院有限公司), a wholly-owned subsidiary of the Company                                                                          |
| “Sixth Metallurgical Company”                            | Sixth Metallurgical Construction Company of China Nonferrous Metals Industry (中國有色金屬工業第六冶金建設有限公司), a wholly-owned subsidiary of the Company                                                                                  |
| “Ninth Metallurgical Company”                            | Ninth Metallurgical Construction Co., Ltd. (九冶建設有限公司), a subsidiary as to 72.08% owned by the Company                                                                                                                        |
| “Twelfth Metallurgical Company”                          | China Nonferrous Metals Industry’s 12th Metallurgical Construction Co., Ltd. (中色十二冶金建設有限公司), a wholly-owned subsidiary of the Company                                                                                        |
| “Tianjin Construction”                                   | CHALIECO (Tianjin) Construction Co., Ltd. (中鋁國際（天津）建設有限公司), a wholly-owned subsidiary of the Company                                                                                                                         |
| “Shandong Engineering”                                   | Chalco Shandong Engineering Technology Co., Ltd. (中鋁山東工程技術有限公司), a subsidiary as to 60% owned by the Company                                                                                                                 |
| “China Aluminum Equipment”                               | China Aluminum International Engineering Equipment Co., Ltd. (中鋁國際工程設備有限公司), a wholly-owned subsidiary of the Company                                                                                                        |
| “Renminbi” or “RMB”                                      | Renminbi, the lawful currency of the PRC                                                                                                                                                                                     |
| “HK\$”                                                   | Hong Kong dollars, the lawful currency of Hong Kong                                                                                                                                                                          |
| “USD”                                                    | US dollar, the lawful currency of the U.S.                                                                                                                                                                                   |
| “Ningyong Expressway Company” or “Ningyong Expressway”   | Yunnan Ningyong Expressway Co., Ltd.                                                                                                                                                                                         |
| “Linyun Expressway Company” or “Linyun Expressway”       | Yunnan Linyun Expressway Co., Ltd.                                                                                                                                                                                           |
| “Linshuang Expressway Company” or “Linshuang Expressway” | Yunnan Linshuang Expressway Co., Ltd.                                                                                                                                                                                        |

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### I. CORPORATE INFORMATION

|                                             |                                                              |
|---------------------------------------------|--------------------------------------------------------------|
| Chinese Name of the Company                 | 中鋁國際工程股份有限公司                                                 |
| Abbreviation of Chinese Name of the Company | 中鋁國際                                                         |
| English Name of the Company                 | China Aluminum International Engineering Corporation Limited |
| Abbreviation of English Name of the Company | CHALIECO                                                     |
| Legal Representative of the Company         | WU Jianqiang                                                 |

### II. CONTACTS AND CONTACT INFORMATION

|                 | Secretary to the Board                                           | Representative for Securities Affairs                            |
|-----------------|------------------------------------------------------------------|------------------------------------------------------------------|
| Name            | ZHANG Jian                                                       | LI Gang                                                          |
| Contact address | Building C, No. 99 Xingshikou Road,<br>Haidian District, Beijing | Building C, No. 99 Xingshikou Road,<br>Haidian District, Beijing |
| Tel             | 010-82406806                                                     | 010-82406806                                                     |
| Fax             | 010-82406666                                                     | 010-82406666                                                     |
| E-mail          | IR-chalieco@chalieco.com.cn                                      | IR-chalieco@chalieco.com.cn                                      |

### III. CHANGES IN BASIC INFORMATION

|                                                             |                                                                                                                                                                                                                                              |
|-------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Registered address of the Company                           | Building C, No. 99 Xingshikou Road, Haidian District, Beijing                                                                                                                                                                                |
| Historical changes in the registered address of the Company | The registered address was “No. B12, Fuxing Road, Haidian District, Beijing” at the time of establishment of the Company; the registered address was changed to “Building C, No. 99 Xingshikou Road, Haidian District, Beijing” in June 2009 |
| Domestic office of the Company                              | Building C, No. 99 Xingshikou Road, Haidian District, Beijing                                                                                                                                                                                |
| Postal code for domestic office of the Company              | 100093                                                                                                                                                                                                                                       |
| Hong Kong office of the Company                             | Room 4501, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong                                                                                                                                                                   |
| Website of the Company                                      | <a href="http://www.chalieco.com.cn">http://www.chalieco.com.cn</a>                                                                                                                                                                          |
| E-mail                                                      | IR-chalieco@chalieco.com.cn                                                                                                                                                                                                                  |
| Index of changes during the reporting period                | No changes during the reporting period                                                                                                                                                                                                       |

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

## IV. CHANGES IN THE PLACES FOR INFORMATION DISCLOSURE AND REFERENCE

|                                                                 |                                                                                            |
|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| The Company's designated press media for information disclosure | China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily     |
| Designated website for the interim report                       | http://www.sse.com.cn; www.hkex.com.hk                                                     |
| The interim report is available at                              | Board Office of Chalieceo at Building C, No. 99 Xingshikou Road, Haidian District, Beijing |
| Index of changes during the reporting period                    | No changes during the reporting period                                                     |

## V. STOCK PROFILE

| Share Class | Listed on          | Stock Abbreviation | Stock Code | Previous Stock Abbreviation |
|-------------|--------------------|--------------------|------------|-----------------------------|
| A Share     | The SSE            | 中鋁國際               | 601068     | —                           |
| H Share     | The Stock Exchange | CHALIECO           | 2068       | —                           |

## VI. OTHER RELEVANT INFORMATION

☒ Applicable    ☐ Not applicable

|                                        |                                                                                 |                                                                                                                                                     |
|----------------------------------------|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Accounting firm engaged by the Company | Name<br>Office address<br><br>Names of accountants who signed the review report | WUYIGE Certified Public Accountants LLP<br>15F Xueyuan International Tower, No.1 Zhichun Road, Haidian District, Beijing<br>LIU Mingzhe, SHI Chenqi |
| Legal advisor as to PRC laws           | Name<br>Office Address                                                          | Jia Yuan Law Office<br>F408, Ocean Plaza, 158 Fuxing Men Nei Street, Xicheng District, Beijing                                                      |
| Legal advisor as to Hong Kong laws     | Name<br>Office Address                                                          | Clifford Chance<br>27th Floor Jardine House One Connaught Place Central Hong Kong                                                                   |
| A Share Registrar                      | Name<br>Office Address                                                          | China Securities Depository and Clearing Co., Ltd. Shanghai Branch<br>188 South Yanggao Road, Pudong New Area, Shanghai                             |
| H Share Registrar                      | Name<br>Office Address                                                          | Computershare Hong Kong Investor Services Limited<br>Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai Hong Kong        |



## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

## VII. KEY ACCOUNTING FIGURES AND FINANCIAL INDICATORS OF THE COMPANY

## (I) Key Accounting Figures

Unit: Yuan Currency: RMB

| Key Accounting Figures                                                                          | This reporting period (From January to June) | The corresponding period of last year | Changes for this reporting period as compared with the corresponding period of last year (%) |
|-------------------------------------------------------------------------------------------------|----------------------------------------------|---------------------------------------|----------------------------------------------------------------------------------------------|
| Revenue                                                                                         | 10,333,522,065.37                            | 9,946,610,462.50                      | 3.89                                                                                         |
| Net profit attributable to shareholders of the listed company                                   | 3,365,857.05                                 | -143,153,691.94                       | 102.35                                                                                       |
| Net profit attributable to shareholders of the listed company net of non-recurring gain or loss | -17,004,599.61                               | -200,566,854.27                       | 91.52                                                                                        |
| Net cash flow from operating activities                                                         | -613,619,819.31                              | -1,566,940,887.41                     | 60.84                                                                                        |
|                                                                                                 | As at the end of this reporting period       | As at the end of the previous year    | Changes for this reporting period as compared with the end of the previous year (%)          |
| Net assets attributable to shareholders of the listed company                                   | 8,711,902,840.15                             | 8,733,074,246.26                      | -0.24                                                                                        |
| Total assets                                                                                    | 55,328,652,326.85                            | 54,514,024,346.55                     | 1.49                                                                                         |

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

**(II) Key Financial Indicators**

| Key Financial Indicators                                                               | This reporting<br>period (From<br>January to June) | The corresponding<br>period of last year | Changes for this<br>reporting period as<br>compared with the<br>corresponding<br>period of<br>last year (%) |
|----------------------------------------------------------------------------------------|----------------------------------------------------|------------------------------------------|-------------------------------------------------------------------------------------------------------------|
|                                                                                        |                                                    |                                          |                                                                                                             |
| Basic earnings per share (RMB/share)                                                   | -0.01                                              | -0.07                                    | 85.71                                                                                                       |
| Dilute earnings per share (RMB/share)                                                  | -                                                  | -                                        |                                                                                                             |
| Basic earnings per share net of non-recurring<br>gain or loss (RMB/share)              | -0.02                                              | -0.09                                    | 77.78                                                                                                       |
| Weighted average return on net assets (%)                                              | -0.39                                              | -2.55                                    | Up by 2.16<br>percentage points                                                                             |
| Weighted average rate of return on net assets<br>net of non-recurring gain or loss (%) | -0.72                                              | -3.24                                    | Up by 2.52<br>percentage points                                                                             |

**Explanation of key accounting figures and financial indicators of the Company**

☐Applicable    ☒Not applicable

**VIII. DIFFERENCES IN ACCOUNTING FIGURES UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS**

☐Applicable    ☒Not applicable

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

## IX. ITEMS AND AMOUNTS OF NON-RECURRING PROFIT OR LOSS

✓Applicable    ☐Not applicable

Unit: Yuan Currency: RMB

| Non-recurring Profit or Loss                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Amount        | Note<br>(as applicable) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------------|
| Gain or loss on disposal of non-current assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 2,901,307.99  |                         |
| Tax return, reduction or exemption arising from ultra vires approval, without official approval document, or on an occasional basis                                                                                                                                                                                                                                                                                                                                                                                       |               |                         |
| Government subsidies recorded in current P&L (except government subsidies closely related to business operations granted continuously in a fixed amount or quota according to the unified national standards)                                                                                                                                                                                                                                                                                                             | 18,533,944.38 |                         |
| Financing fee income from non-financial enterprises recorded in current P&L                                                                                                                                                                                                                                                                                                                                                                                                                                               | 5,689,232.95  |                         |
| Gain arising from the acquisition of interests in a subsidiary, associate or joint ventures at an investment cost below the share in the fair value of net identifiable assets of the investee at the time of acquisition                                                                                                                                                                                                                                                                                                 |               |                         |
| Gain or loss on non-monetary asset exchange                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |               |                         |
| Gain or loss on assets under discretionary investment or management                                                                                                                                                                                                                                                                                                                                                                                                                                                       |               |                         |
| Asset impairment provisions arising from force majeure factors such as natural disasters                                                                                                                                                                                                                                                                                                                                                                                                                                  |               |                         |
| Gains or losses on debt restructuring                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |               |                         |
| Restructuring costs, such as employee settlement cost and integration cost                                                                                                                                                                                                                                                                                                                                                                                                                                                |               |                         |
| Gain or loss in excess of fair value arising from transactions at obviously unfair prices                                                                                                                                                                                                                                                                                                                                                                                                                                 |               |                         |
| Net profit or loss of a subsidiary arising from business combination under common control for the period from the beginning of the reporting period to the combination date                                                                                                                                                                                                                                                                                                                                               |               |                         |
| Gains or losses on contingencies not related to usual operations of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                           |               |                         |
| Gains on investment in the fair value of the held-for – trading financial assets, derivative financial assets, held-for-trading financial liabilities and derivative financial liabilities held by the Company and investment income from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investments other than the valid hedging services related to the normal operating activities of the Company |               |                         |
| Reversal of impairment provisions on receivables and contract assets tested for impairment individually                                                                                                                                                                                                                                                                                                                                                                                                                   | 6,168,810.47  |                         |

## SECTION 2 COMPANY PROFILE AND KEY FINANCIAL INDICATORS

| <b>Non-recurring Profit or Loss</b>                                                                         | <b>Amount</b>        | Note<br>(as applicable) |
|-------------------------------------------------------------------------------------------------------------|----------------------|-------------------------|
| Gain or loss on entrusted loans                                                                             |                      |                         |
| Gain or loss on changes in the fair value of investment property<br>subsequently measured at fair value     |                      |                         |
| Impact of non-off adjustments to current P&L as required by<br>taxation and accounting laws and regulations |                      |                         |
| Trustee fee income from entrusted operations                                                                |                      |                         |
| Other non-operating revenue and expenses other than above items                                             | <b>-3,623,944.42</b> |                         |
| Other items falling within the definition of non-recurring gain or loss                                     | <b>-4,015,213.41</b> |                         |
| Impact of non-controlling interests                                                                         | <b>-1,430,071.91</b> |                         |
| Impact of income tax                                                                                        | <b>-3,853,609.39</b> |                         |
| Total                                                                                                       | <b>20,370,456.66</b> |                         |

**X. OTHER INFORMATION**

☐Applicable    ☒Not applicable

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### I. DESCRIPTION OF THE INDUSTRY AND PRINCIPAL BUSINESS OF THE COMPANY FOR THE REPORTING PERIOD

#### (I) Principal business and operation modes

The Company is a leading technology, engineering service and equipment provider in the nonferrous metals industry in China, capable of providing full business-chain integrated engineering solutions for various stages in nonferrous metals industry chain and other industries. The Company's businesses mainly include engineering design and consultancy, engineering and construction contracting, equipment manufacturing and equipment trading. The Company continued to be among the China's Fortune 500 in 2021; meanwhile, in the 2021 "TOP 150 GLOBAL DESIGN FIRMS" and "TOP 225 INTERNATIONAL DESIGN FIRMS" announced by the Engineering News-Record (ENR) Magazine in the US, Chalico has shortlisted again and ranked at 105th and 164th, respectively.

#### 1. Engineering design and consultancy business

Engineering design and consultancy is the Company's traditional key business, covering mining, ore dressing, smelting and processing in the non-ferrous metal industry, geological survey and building construction in the construction industry, as well as engineering design in energy, chemical and environmental protection, etc. The Company's main customers are non-ferrous metal smelting and processing enterprises, and employers in construction and other industries. The Company's technicians have expertise in over 40 professional fields such as process design, equipment design, electrical automation, general layout and transportation design, civil engineering, public facilities construction, environmental protection, project budget and technical economy, and have provided engineering design and consultancy services for over 2,000 key construction projects of the state and various industries as well as over 100 overseas projects.

#### 2. Engineering and construction contracting business

The Company's engineering and construction contracting business covers metallurgy industry, housing construction, highways, building materials, electricity, water conservancy, chemical industry, mining, municipal utilities, steel structure and other fields. The Company adopts a couple of engineering and construction contracting business modes, including EPC, EP and PC. Meanwhile, the Company participates in project construction and operation management through investment-finance-building modes such as PPP. With its technology and experience, the Company has established a leading position in China's non-ferrous metal industry, particularly in the aluminum contracting industry. In recent years, the Company has undertaken many large-scale EPC projects at home and abroad.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### **3. Equipment manufacturing business**

Equipment manufacturing is a high-tech industry that the Company develops vigorously. The Company insists on independent technological innovation, and focuses on research and development of new process, new technologies, advanced materials and new equipment of non-ferrous metal, leading the direction of technology development of China's non-ferrous metal industry. The Company's equipment manufacturing segment mainly provides customized core metallurgical and processing equipment, environmental protection equipment, mechanical and electronic equipment, industrial automation systems and mine safety monitoring and emergency response intelligent systems. The Company's products are used in many areas in the non-ferrous metal industry chain, including mining, ore dressing, smelting and metal material processing. The Company is a leading manufacturer of non-ferrous metal rolling mills in China.

### **4. Trading business**

The Company is undergoing a transformation in its trading business, whereby it is mainly engaged in the procurement and supply of raw materials and equipment related to the principal business to reduce the costs of the Company's construction projects.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

**(II) Specific business models for engineering design and consultancy, and engineering and construction contracting**

The Company has long being engaged in survey, design and project contracting in the non-ferrous metal field. With technological innovation and industrialization as its core competitiveness, the Company has its business covering engineering survey and design and consultancy, engineering and construction, equipment manufacturing, trade and other fields, and has established a business model covering a full industrial chain of “investment and financing-planning-design-engineering construction asset operation/industrial service”.

1. The Company’s engineering design and consultancy business involves compiling relevant technical data and provide technical services based on the engagement of owners, and to carry out engineering consultancy, design and survey service according to the design consultation process to ensure compliance with the requirements stipulated in the contract. Rights and obligations: based on the true and accurate basic information provided by the owner, we have the obligation to provide qualified technical products as agreed in the contract, and also have the right to collect service fees in a timely manner as agreed in the contract. Pricing mechanism: service fees are charged generally by reference to national fee rates for engineering survey and market conditions and based on specific conditions such as the complexity of the project. Relying on the Company’s technical advantages in the non-ferrous metallurgy industry, this business brings a higher profit margin compared with engineering construction projects. As to payment terms in the contract, usually an advance payment of about 10%-20% is required, and the remaining amount is paid in installments according to the amount of work completed (as for engineering design business) or settled in full upon delivery of the consultation report (as for engineering consultancy business). The Company bears the risks associated with product design quality and progress pursuant to the contract. This business segment does not involve financing.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

2. The Company's engineering and construction contracting business covers metallurgical industry, housing construction, highways, mines, municipal utilities and other fields. The Company adopts a number of engineering and construction contracting business modes, including EPC, EP, PC and various other business modes. Risks: Under EPC mode, the Company takes charge of the whole design process, procurement of materials and equipment, construction, equipment installation and testing, and is liable to the proprietor for the quality, safety, on-time delivery and cost of the project. The Company bears the risk related to material difference not higher than a certain rate as agreed in the contract, while the proprietor assumes compliance risks of the project and ensures the availability of project funds; Under PC mode, the Company undertakes the procurement and construction of the project according to the contract, and is liable for the quality, safety, progress and cost of the project. Pricing: through participating in competitive bidding, the Company will conduct detailed research on the proposed project in preparing the bid. Specifically, based on technical conditions of bid after onsite visit, commercial conditions and other bidding regulations, the Company calculates the cost of items in the bill of quantities, and then adds proposed gross profit at a certain percentage to get the bid price. Payment collection: mainly project progress payments, settled and collected according to the monthly progress or milestones, and advance payment (if any) is collected according to the contract.
  
3. According to the national policies, the Company has chosen to undertake some PPP investment-finance-build projects. Risks: Under PPP mode, the Company, as the general contractor and non-government equity investor of the project, mainly undertakes engineering construction and shares operational risks of the project with the government, while the government mainly bears compliance risk and land acquisition and relocation risks. Finance: Under PPP mode, in addition to capital injected by all equity investors, project loans represent a major source of funds for the project. Payment collection: Under PPP mode, the Company, as the general contractor and non-government equity investor of the project, has different sources of income during the construction period and the operation period. During the construction period, income mainly comes from progress payments made by the project company, while during the operation period, income mainly comes from fees paid by users and feasibility gap subsidies from the government. Pricing: Under PPP mode, the pricing is mainly to determine the rate of return on non-governmental investment (including financing), including the annual discount rate and reasonable profit margin, and the government determines the non-governmental investor through public tender. Profit: under PPP mode, the Company, as both an investor and a project contractor, mainly generates profits from construction during the construction period, and from feasibility gap subsidies from the government during the operation period. Rights and obligations: Under PPP mode, the Company has the right of construction during the construction period, and the right to collect fees from users and feasibility gap subsidies from the government as agreed in the contract during the operation period, and the obligation to ensure successful completion and usual operation of the project.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### (III) Industry overview

In the first half of 2021, affected by factors such as the restoratively rising demand following the recovery of the global economy, imported inflation resulted from the global quantitative easing and expansionary fiscal policies, upward trend of bulk commodity prices driven by rising costs, and the long-term demand for aluminum and copper supported by the two carbon targets, the prices of nonferrous metals such as aluminum, copper, lead and zinc increased for several consecutive months and hit a historical high. According to the data from the National Bureau of Statistics, in the first half of 2021, the output of ten types of nonferrous metals was 32.55 million tonnes, representing a year-on-year increase of 11%, with a significant growth in recycled metals; the investment in smelting and calendaring business of nonferrous metals registered a year-on-year increase of 16.5%.

In the first half of 2021, the GDP of the construction industry in China increased by 8.6% over the same period of last year, showing a steady growth trend. Fixed asset investment (excluding rural households) increased by 12.6% year-on-year, of which investment in infrastructure increased by 7.8% year-on-year. In the market condition characterized by higher growth rate of infrastructure investment and lower growth rate of real estate investment and in the policy context of reform of the construction organization model, the development difference between large and small enterprises and between state-owned enterprises and private enterprises in the construction industry has further expanded with greater market concentration. There was further improvement in the carrying capacity of central cities in the areas of, among others, overcoming weaknesses in livelihood projects, construction of public service projects, creation of built environment, and construction of new districts and development of mega industrial towns in first-and second-tier cities. The intercity rail transit network in the Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Beijing-Tianjin-Hebei Region and other regions was further improved. In general, in the second half of the year, the prospect of infrastructure investment will continue to improve, the loose monetary policies will significantly drive investment, investment hotspots such as municipal transportation and rural revitalization will continue to be the main drivers of economic growth, and the construction industry will still face a relatively favorable market environment. Yet, adjustments of the market structure and changes in the competitive landscape will require enterprises in the construction industry to accelerate the improvement of their adaptability.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

**II. ANALYSIS OF CORE COMPETITIVENESS FOR THE REPORTING PERIOD**

✓Applicable      ☐Not applicable

**(I) Strong technological and R&D strength**

Four out of the eight nonferrous metal design institutes that were under the former Ministry of Metallurgical Industry, namely SAMI, GAMI, CINF and CNPT (that inherited the assets and business of Luoyang Institute), are under the Company. Moreover, the Company owns two widely recognized survey and design institutions in the industry, namely Changkan Institute and Kunming Survey and Design Institute, and is able to provide project owners with a whole set of technical support and services across the entire nonferrous metal industry chain. As of 30 June 2021, the Company had 6 national-level innovation research platforms and 18 provincial-level innovation platforms and engineering laboratories in aggregate, owned 2 national-level corporate post-doctoral scientific research stations, and there were nearly 140 national and industrial standards or regulations wholly or partly formulated by the Company. The Company obtained nearly 2,300 domestic authorized patents and 186 international patents in aggregate.

**(II) The Company can provide the proprietors in the non-ferrous metal industry with complete engineering solutions**

With strong technology as a link, refined management as the backbone and comprehensive professional services as a means, the Company can provide customers with all-round services covering engineering design and consultancy, engineering construction and specialized equipment manufacturing, solving customers' routine problems as well as high-tech, deep, difficult and specific problems.

**(III) The Company has a strong customer network and good customer relations**

The Company has business contacts with many large non-ferrous metal companies in China, and has accumulated good reputation in historical cooperation, which makes it one of preferred choices for major non-ferrous metal engineering projects. At the same time, the Company has actively expanded its overseas business in recent years. As a general contractor, the Company has participated in many projects of Vietnam Coal Mine Group, Venezuela CVG Group and India Vendanta Company, PT Borneo Alumina Indonesia, and Italian Vesme Port Electrolytic Aluminum Plant and has established good cooperative relations with non-ferrous metal enterprises overseas, especially in emerging markets.

**(IV) The Company possesses Engineering Design Integrated Qualification Class-A**

In the first half of 2021, the Company successfully obtained the Engineering Design Integrated Qualification Class-A and became one of the top-notch domestic engineering design enterprises. This further enhanced the core competitiveness of the Company and created favorable conditions for the Company to expand its business scope and improve its development quality.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

**III. OPERATING RESULTS DISCUSSION AND ANALYSIS****Business overview in the first half of 2021**

In the first half of 2021, the Group achieved operating revenue of RMB10.334 billion, representing a year-on-year increase of RMB387 million. Net profit attributable to shareholders of the listed company was RMB3.3659 million, representing a year-on-year increase of RMB147 million. This was mainly because following the stabilization of the COVID-19 epidemic and continuous economic recovery in China, the Company spared no effort to promote high-quality corporate development, actively carried out construction business and strengthened cost management, whereby its production, operation and profitability continued to improve steadily.

**(I) Business overview in the first half of the year**

In the first half of 2021, the Company comprehensively pushed forward its in-depth reform, strengthened market expansion, consistently improved risk prevention and control capabilities, and further enhanced market competitiveness.

**1. Speeding up the in-depth reform**

The Company actively seized the important opportunities arising from the three-year reform of state-owned enterprises and formulated the Implementation Plan for the Three-year In-depth Reform of the Company to comprehensively promote, among others, the optimization of industrial layout and structural adjustment. The Company fully carried out the comprehensive “benchmarking-target meeting – target exceeding” work covering all elements throughout the whole process. The “scientific and technological reform demonstration program” (「科技改革示範行動」) of CINF progressed in an orderly manner and the document titled “Driving High-quality Corporate Development through Technological Innovation by Focusing on the In-depth Reform of Principal Businesses” compiled by it was selected by SASAC into the typical cases of enterprise carrying out “scientific and technological reform demonstration program”.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### 2. Positive momentum of market expansion

With technologies and services as the breakthrough points, the Company profoundly explored the traditional nonferrous metal projects. CINF entered into an EPC contract for the largest spodumene mine in Asia, with a contract value of RMB564 million. As the Company actively explored overseas markets, the new international contracts signed by it in the first half of the year amounted to RMB826 million, including the EPC contract for electrolytic aluminum upgrade and modification successfully entered into with INALUM in Indonesia with a contract value of USD99.7 million, the design contract for an electrolytic aluminum project entered into with BALCO in India for the purpose of exporting China's 500KA electrolytic technology overseas again, and a number of design contracts for the mines in Eritrea, Turkey and Guinea. In the first half of the year, the newly signed aluminum application business contracts amounted to RMB215 million, including a one-off business undertaking in connection with aluminum alloy highway guardrails with a contract value of RMB83 million, which enabled the Company to successfully enter the Yunnan market; "the aluminum alloy lattice shell structure (in the shape of a "gigantic red lantern") construction project undertaken by the Company for Jianchuan Exhibition hall in Chengdu, Sichuan was successfully completed, which is the first project about a large-diameter double-layer lattice shell structure made of heterogeneous aluminum alloy in China, and the "gigantic red lantern" has become a beautiful scenery in Chengdu."

### 3. Strengthening project process control

With key projects as the starting point, the Company strengthened the dynamic cost control measures throughout the whole process and promoted the refined cost management progressively. The Company continued to push forward standardized management of projects, and gradually formed a positive competitive atmosphere of "building up the brand of Chalieco and developing golden benchmark projects". In the first half of the year, the Company maintained a stable safety condition and environmental protection, and achieved the goal of zero work-related fatality, environmental incident and quality incident. The Yunnan highway project stirred up a stampede of "guaranteed opening to traffic by the end of the year after 100 days of hard work", which was followed by the successive launch of a number of interchanges or tunnels.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

**4. Innovation-driven achievements beginning to show**

A number of major scientific research projects of the Company were successively implemented, and a number of scientific and technological achievements were awarded. The achievement evaluation on the four key technological achievements of SAMI, including the “aluminum electrolytic cell cathode manufacturing technology” (「鋁電解槽陰極製造技術」), was completed by the industry association and the evaluation comment of “reaching the international leading level” was given by the panel for all. The “high-humidity flue gas waste recycle and deep dust removal, desulfurization and denitrification integrated technology” (「高濕煙氣餘熱回收利用與深度除塵脫硫脫硝一體化技術」) participated in and completed received the second prize of the 2020 Scientific and Technological Advancement Award of Liaoning Province, and the “electrolytic flue gas dry purification system” (「電解煙氣乾法淨化系統」) passed the evaluation of the 22nd China Patent Award and was announced. The project of “intelligent production management and control and supply chain system development and demonstration of nonferrous metallurgy industry in regional clusters” (「區域集聚有色冶金產業智能生產管控與供應鏈系統開發及示範」) carried out by GAMI was supported by the key research and development programs of the Ministry of Science and Technology of the PRC; A “sub-dam construction method using dry red mud stacking of the Bayer process” (「拜耳法赤泥乾法堆場的子壩構築方法」) received the 2019-2020 Guizhou Patent Silver Award; It worked with Guangxi Investment Group to jointly promote its development of “industrial digitalization”, and entered into the first 5G+MEC (cloud edge computing) smart factory digital twin project in the aluminum industry with Shenhua Aluminum. CINF innovatively developed the “key technology and equipment for integrated mechanical mining of underground bauxite” (「地下鋁土礦綜合機械化開採關鍵技術及裝備」) to develop new mining process for sedimentary bauxite, which significantly improved the mining efficiency as compared with traditional technologies. The “Fine and Rapid Acquisition of Parameters of Open pit mine Rock mass and Quantitative Evaluation of Slope Stability” (「露天礦山岩體參數精細快速獲取與邊坡穩定性定量評價」) completed with the participation of Kunming Survey and Design Institute won the First Prize of Science and Technology in Zhejiang Province.

**5. Gradual reinforcement of development foundation**

The Company successfully obtained the Engineering Design Integrated Qualification Class-A, and has become one of the top-notch domestic engineering design enterprises since then. This would enhance the core competitiveness of the Company, and is of great and far-reaching significance to the Company for it to break through the original industry restrictions, carry out general engineering contracting business and realize the leap-forward transformation of its economic growth approach.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### (II) Key work in the second half of the year

1. Continue to promote the three-year reform of state-owned enterprises and win the annual target battle in a determined manner.
2. Focus on all-element benchmarking and value creation, further promote refined management and reinforce the foundation for high-quality development.
3. Actively facilitate the reform of technology R & D management model, further clarify the direction of scientific and technological innovation, fully promote the upgrade of intelligentization and digitization, and enhance the drivers of high-quality development.
4. Fully utilize the Engineering Design Integrated Qualification Class-A to deeply cultivate the nonferrous business, spare no effort to develop overseas business, actively develop the civil, municipal and engineering aluminum business, and take an active approach in marketing.
5. Actively implement the project manager accountability system, project cost responsibility system and marketing responsibility system, accelerate the Company's high-quality brand building, and strive to establish first-class project management.
6. Strictly control risks related to epidemic prevention, safety, environmental protection and others, and focus on mitigating and preventing risks to provide strong guarantee for high-quality development.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

**(III) Contracts**

From January to June 2021, the Company entered into 3,204 contracts in total, the total amount of which was RMB19.489 billion. Details are as follows:

| Type of Contracts                          | From January to June 2021 |                            |
|--------------------------------------------|---------------------------|----------------------------|
|                                            | Number                    | Amount<br>(RMB100 million) |
| Engineering survey, design and consultancy | 2,345                     | 14.13                      |
| Engineering                                |                           |                            |
| construction                               |                           |                            |
| Industrial projects                        | 309                       | 50.98                      |
| Civil buildings                            | 134                       | 84.57                      |
| Highways and municipal works               | 42                        | 37.65                      |
| Equipment manufacturing                    | 374                       | 7.56                       |
| Total                                      | 3,204                     | 194.89                     |

As of 30 June 2021, the amount of uncompleted contracts of the Company was RMB67.332 billion. Details are as follows:

| Type of Contracts                          | As of 30 June 2021 |                            |
|--------------------------------------------|--------------------|----------------------------|
|                                            | Number             | Amount<br>(RMB100 million) |
| Engineering survey, design and consultancy | 3,169              | 23.28                      |
| Engineering                                |                    |                            |
| construction                               |                    |                            |
| Industrial projects                        | 648                | 175.44                     |
| Civil buildings                            | 388                | 255.69                     |
| Highways and municipal works               | 106                | 206.34                     |
| Equipment manufacturing                    | 448                | 12.57                      |
| Total                                      | 4,759              | 673.32                     |

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### (IV) Operation results and discussion

In the first half of 2021, the Group achieved operating revenue of RMB10.334 billion, representing a year-on-year increase of RMB387 million or 3.89%. Net profit attributable to shareholders of the listed company was RMB3.3659 million, representing a year-on-year increase of RMB147 million. The main analysis is as follows:

#### **Operating revenue**

In the first half of 2021, the Group achieved operating revenue of RMB10.334 billion, representing an increase of RMB387 million or 3.89% as compared with the same period of last year. Such increase was mainly because following the stabilization of the COVID-19 epidemic and continuous economic recovery in China in the first half of the year, the Company spared no effort to promote high-quality corporate development, actively carried out construction business, and therefore achieved a year-on-year growth in operating revenue.

#### **Operating cost**

The Group's operating cost for the first half of 2021 was RMB9.221 billion, representing an increase of RMB204 million or 2.26% as compared with the same period of last year, mainly due to the increase in operating cost along with the increase in revenue.

#### **Tax and surcharge**

The Group's tax and surcharge for the first half of 2021 was RMB59 million, representing an increase of RMB13 million as compared with the same period of last year. Such increase was mainly due to the increase in tax and surcharge along with the increase in revenue in the current period.

#### **Sales expense**

The Group's sales expense for the first half of 2021 was RMB41 million, representing a decrease of RMB3 million as compared with the same period of last year. Such decrease was mainly due to the decrease in business expenses, sales commission and others.

#### **Administrative expense**

The Group's administrative expense for the first half of 2021 was RMB492 million, representing an increase of RMB27 million as compared with the same period of last year. Such increase was mainly due to the reduction in the Company's social security exemptions, job stabilization/epidemic prevention subsidies and other preferential exemptions as a result of the stabilized COVID-19 epidemic in China in the first half of the year, which led to an increase in the administrative expense during the reporting period.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### **R&D expense**

The Group's R&D expense for the first half of 2021 was RMB182 million, representing an increase of RMB19 million as compared with the same period of last year. Such increase was mainly due to the fact that the Company stepped up its investment in scientific and technological research during the reporting period.

### **Financial expense**

The Group's financial expense for the first half of 2021 was RMB266 million, representing an increase of RMB23 million as compared with the same period of last year. Such increase was mainly due to the increase in exchange loss of the Company during the reporting period.

### **Credit impairment loss**

The Group's credit impairment loss for the first half of 2021 was RMB-15 million, representing a decrease of RMB104 million as compared with the same period of last year. Such decrease was mainly due to the improved liquidity of property owners given the better domestic economic condition and the enhanced payment collection work of the Company in the first half of the year, which resulted in a year-on-year decrease in credit impairment loss accrued during the reporting period.

### **Net non-operating income and expenditure**

The Group's net non-operating income and expenditure for the first half of 2021 was RMB-6 million, representing a decrease of RMB42 million as compared with the same period of last year. Such decrease was mainly due to the decrease in income generated by the Company from outside of daily business operations during the reporting period.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

**(V) Principal business by sectors and regions**

Unit: Yuan Currency: RMB

| By sector                                | Principal business by sector |                  |                  | YoY                             | YoY                          | YoY                          |
|------------------------------------------|------------------------------|------------------|------------------|---------------------------------|------------------------------|------------------------------|
|                                          | Operating revenue            | Operating cost   | Gross margin (%) | change of operating revenue (%) | change of operating cost (%) | change of gross margin (%)   |
| Engineering design and consultancy       | 1,117,506,294.79             | 865,771,550.75   | 22.53            | 0.62                            | -0.65                        | Up by 1 percentage points    |
| Engineering and construction contracting | 8,453,260,528.60             | 7,647,985,698.03 | 9.53             | 15.20                           | 14.03                        | Up by 0.93 percentage points |
| Equipment manufacturing                  | 594,406,083.78               | 542,329,998.82   | 8.76             | 4.69                            | 4.17                         | Up by 0.45 percentage points |
| Trading                                  | 290,632,848.08               | 283,733,016.99   | 2.37             | -79.85                          | -80.03                       | Up by 0.87 percentage points |
| Inter-segment elimination                | -122,283,689.88              | -118,689,433.24  | -                |                                 |                              | -                            |
| Total                                    | 10,333,522,065.37            | 9,221,130,831.35 | 10.76            | 3.89                            | 2.26                         | Up by 1.41 percentage points |

**Explanation of principal business by sector**

- ① Engineering design and consultancy segment (before elimination of inter-segment transactions)

Unit: Yuan Currency: RMB

| Item                           | The reporting period    | The corresponding period of last year | Growth rate (%)          |
|--------------------------------|-------------------------|---------------------------------------|--------------------------|
| Operating revenue              | <b>1,117,506,294.79</b> | 1,110,576,747.62                      | 0.62                     |
| Operating cost                 | <b>865,771,550.75</b>   | 871,418,134.87                        | -0.65                    |
| Gross profit                   | <b>251,734,744.04</b>   | 239,158,612.75                        | 5.26                     |
| Gross margin (%)               | <b>22.53</b>            | 21.53                                 | Up by 1 percentage point |
| Sales expense                  | <b>3,919,642.61</b>     | 4,095,292.25                          | -4.29                    |
| Administrative and R&D expense | <b>176,405,177.23</b>   | 157,141,349.03                        | 12.26                    |
| Total profit                   | <b>68,815,315.23</b>    | 7,075,126.22                          | 872.64                   |

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

The Company's engineering design and consulting segment achieved revenue of RMB1.118 billion during the reporting period, representing a year-on-year increase of 0.62%. Gross margin of this segment was 22.53%, representing a year-on-year increase of 1 percentage point as compared with that of 2020, mainly due to the increase in revenue of the Company in the first half of the year and the increase in gross profit margin expenses given the relatively fixed expenses such as labor costs.

During the reporting period, the engineering design and consultancy segment realized total profit of RMB69 million, representing a year-on-year increase of RMB62 million, mainly due to the improved liquidity of property owners given the more stabilized epidemic in the PRC and the enhanced payment collection work of the Company in the first half of the year, which resulted in a year-on-year decrease in credit impairment loss accrued for this segment during the reporting period.

② Engineering and construction contracting segment (before elimination of inter-segment transactions)

Unit: Yuan Currency: RMB

| Item                           | The reporting period | The corresponding period of last year | Growth rate (%)   |
|--------------------------------|----------------------|---------------------------------------|-------------------|
| Operating revenue              | 8,453,260,528.60     | 7,337,792,645.93                      | 15.20             |
| Operating cost                 | 7,647,985,698.03     | 6,706,852,063.54                      | 14.03             |
| Gross profit                   | 805,274,830.57       | 630,940,582.39                        | 27.63             |
|                                |                      |                                       | Up by 0.93        |
| Gross margin (%)               | 9.53                 | 8.60                                  | percentage points |
| Sales expense                  | 26,813,947.49        | 29,603,896.17                         | -9.42             |
| Administrative and R&D expense | 444,948,081.24       | 403,647,019.92                        | 10.23             |
| Total profit                   | 68,441,787.14        | -18,023,639.49                        | 479.73            |

The Company's engineering and construction contracting business revenue in the first half of the year was RMB8.453 billion, representing a year-on-year increase of 15.2%. Such increase was mainly due to the fact that the Company actively carried out its engineering business following the increasingly improved epidemic in the PRC, which resulted in an increase in operating revenue as compared with the corresponding period of last year. The gross profit margin of the engineering segment was 9.53% in the first half of the year, representing an increase of 0.93 percentage points as compared with the corresponding period of last year. Such increase was mainly due to the fact that the Company actively commenced its engineering business on one hand and strengthened project cost control to intensively promote refined management of project costs on the other hand.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

During the reporting period, the engineering and construction contracting segment recorded a total profit of RMB68 million, representing a year-on-year increase of 479.73%. Such increase was mainly due to the increase in both of the revenue and gross profit of this segment; meanwhile, the credit impairment loss accrued in this business segment during the period decreased year-on-year.

## ③ Equipment manufacturing business (before elimination of inter-segment transactions)

Unit: Yuan Currency: RMB

| Item                           | The reporting period | The corresponding period of last year | Growth rate (%)   |
|--------------------------------|----------------------|---------------------------------------|-------------------|
| Operating revenue              | 594,406,083.78       | 567,798,357.16                        | 4.69              |
| Operating cost                 | 542,329,998.82       | 520,629,387.20                        | 4.17              |
| Gross profit                   | 52,076,084.96        | 47,168,969.96                         | 10.40             |
|                                |                      |                                       | Up by 0.45        |
| Gross margin (%)               | 8.76                 | 8.31                                  | percentage points |
| Sales expense                  | 6,829,784.73         | 6,383,807.94                          | 6.99              |
| Administrative and R&D expense | 43,273,394.3         | 64,689,954.27                         | -33.11            |
| Total profit                   | -19,115,079.11       | -37,812,282.34                        | 49.45             |

The Company's equipment manufacturing business revenue in the first half of the year was RMB594 million, representing a year-on-year increase of 4.69%. Such increase was mainly due to the favorable trend of the nonferrous metal industry and the increase in the number of orders in the first half of the year, which resulted in an increase in the revenue scale. The gross profit margin of this segment in the first half of the year was 8.76%, representing a year-on-year increase of 0.45 percentage point, which was basically the same as the corresponding period of last year.

During the reporting period, the equipment manufacturing business recorded a total profit of RMB-19 million, representing a year-on-year increase of 97.81%. Such increase was mainly due to the increase in revenue from this segment, coupled with the decrease in administrative and R&D expense.



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

## ④ Trading business (before elimination of inter-segment transactions)

Unit: Yuan Currency: RMB

| Item                           | The reporting period | The corresponding period of last year | Growth rate (%)              |
|--------------------------------|----------------------|---------------------------------------|------------------------------|
| Operating revenue              | 290,632,848.08       | 1,442,293,018.78                      | -79.85                       |
| Operating cost                 | 283,733,016.99       | 1,420,607,003.05                      | -80.03                       |
| Gross profit                   | 6,899,831.09         | 21,686,015.73                         | -68.18                       |
| Gross margin (%)               | 2.37                 | 1.50                                  | Up by 0.87 percentage points |
| Sales expense                  | 4,126,157.31         | 4,041,774.53                          | 2.09                         |
| Administrative and R&D expense | 12,414,534.24        | 9,394,503.06                          | 32.15                        |
| Total profit                   | -38,032,318.09       | -9,687,303.22                         | -292.60                      |

In the first half of the year, the Company's trading business segment recognized revenue of RMB291 million, representing a year-on-year decrease of 79.85%, mainly due to the gradual shift in the direction of the Company's trading business to centralized procurement of internal engineering equipment and the reduction of the original business scale. The gross profit margin of this segment was 2.37% during the reporting period, representing an increase of 0.87 percentage points as compared with that of last year.

During the reporting period, the Company's total profit generated from trading business was RMB-38 million, mainly due to the substantial decrease in gross profit as a result of the decline in revenue and an increase in administrative expense in the first half of the year.

**Material changes in the operation of the Company during the reporting period and events that occurred during the reporting period that have had a significant impact on the operation of the Company and are expected to have a significant impact in the future**

☐Applicable      ☒Not applicable

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

## IV. OPERATING OVERVIEW FOR THE REPORTING PERIOD

## (I) Principal Business Analysis

## 1 Analysis of changes in relevant items on financial statements

Unit: Yuan Currency: RMB

| Item                                    | Amount<br>for the<br>current period | Amount<br>for the<br>corresponding<br>period of last year | Change in<br>percentage<br>(%) |
|-----------------------------------------|-------------------------------------|-----------------------------------------------------------|--------------------------------|
| Operating revenue                       | 10,333,522,065.37                   | 9,946,610,462.50                                          | 3.89                           |
| Operating cost                          | 9,221,130,831.35                    | 9,017,006,662.60                                          | 2.26                           |
| Sales expense                           | 41,383,526.16                       | 43,997,237.87                                             | -5.94                          |
| Administrative expense                  | 491,839,518.53                      | 465,117,121.96                                            | 5.75                           |
| Financial expense                       | 265,868,717.25                      | 242,706,295.60                                            | 9.54                           |
| R&D expense                             | 181,913,417.82                      | 162,612,950.76                                            | 11.87                          |
| Net cash flow from operating activities | -613,619,819.31                     | -1,566,940,887.41                                         | 60.84                          |
| Net cash flow from investing activities | -1,765,569,603.57                   | -1,637,430,905.77                                         | -7.83                          |
| Net cash flow from financing activities | 1,187,109,247.26                    | -358,889,588.26                                           | 430.77                         |

Explanation of reasons for changes in operating revenue: Following the stabilization of the COVID-19 epidemic and continuous economic recovery in China in the first half of the year, the Company spared no effort to promote high-quality corporate development, actively carried out construction business, and therefore achieved a year-on-year growth in operating revenue.

Explanation of reasons for changes in operating cost: There was an increase in revenue.

Explanation of reasons for changes in sales expense: There was a decrease in business expenses, sales commission and others.

Explanation of reasons for changes in administrative expense: It was mainly because of the reduction in the Company's social security exemptions, job stabilization/epidemic prevention subsidies and other preferential exemptions as a result of the stabilized COVID-19 epidemic in China the first half of the year, which led to an increase in the administrative expense during the reporting period.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

Explanation of reasons for changes in financial expense: There was an increase in exchange loss during the period

Explanation of reasons for changes in R&D expense: There was an increase in investment in research and development during the period.

Explanation of reasons for changes in net cash flow from operating activities: The liquidity of property owners improved given the more stabilized epidemic in the PRC on one hand, and the Company included the cash flow from operating activities into the assessment indicators on the other hand to enhance payment collection.

Explanation of reasons for changes in net cash flow from investing activities: The investment made in the construction of the Miyu Expressway PPP project undertaken by the Company in 2021 increased as compared with the corresponding period of last year, and all funds contributed during the project construction period were included in the cash outflow from investing activities.

Explanation of reasons for changes in net cash flow from financing activities: It was mainly because the Company received RMB2 billion of capital invested by the government and other shareholders for the Miyu PPP project and repaid certain loans from financial institutions. In the corresponding period of last year, the Company redeemed USD350 million senior USD perpetual bonds issued at the end of 2016.

## 2 Detailed notes to the major changes in the Company's business types, profits structure or profits sources

☐Applicable      ☒Not applicable

### (II) Explanation of Material Changes in Profit Caused by Non-principal Business

☐Applicable      ☒Not applicable

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

## (III) Analysis of Assets and Liabilities

✓Applicable    □Not applicable

## 1. Assets and liabilities

Unit: RMB '0,000

| Item                         | Amount at<br>the end of<br>the period | Percentage<br>in total<br>assets at<br>the end of<br>the period<br>(%) | Amount at<br>the end of the<br>corresponding<br>period of<br>last year | Percentage<br>in total<br>assets at<br>the end of the<br>corresponding<br>period of<br>last year<br>(%) | YoY<br>change<br>(%) | Explanation                                                                                                                                    |
|------------------------------|---------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Monetary fund                | 585,753.39                            | 10.59                                                                  | 728,125.11                                                             | 13.36                                                                                                   | -19.55               | Project construction expenses were paid in this period.                                                                                        |
| Receivables                  | 1,449,291.07                          | 26.19                                                                  | 1,631,169.09                                                           | 29.92                                                                                                   | -11.15               | Certain construction payments were collected in this period.                                                                                   |
| Prepayment                   | 39,153.33                             | 0.71                                                                   | 25,389.12                                                              | 0.47                                                                                                    | 54.21                | Partial advance payment for equipment purchase was made.                                                                                       |
| Inventories                  | 333,455.94                            | 6.03                                                                   | 338,114.80                                                             | 6.20                                                                                                    | -1.38                | -                                                                                                                                              |
| Contract assets              | 861,706.94                            | 15.57                                                                  | 728,033.61                                                             | 13.35                                                                                                   | 18.36                | There was an increase in the amount caused by the difference between the time of cost incurrence and the time of customer settlement.          |
| Investment properties        | 49,245.44                             | 0.89                                                                   | 50,274.60                                                              | 0.92                                                                                                    | -2.05                | -                                                                                                                                              |
| Long-term equity investments | 84,793.09                             | 1.53                                                                   | 84,130.99                                                              | 1.54                                                                                                    | 0.79                 | -                                                                                                                                              |
| Fixed assets                 | 225,684.12                            | 4.08                                                                   | 232,880.57                                                             | 4.27                                                                                                    | -3.09                | -                                                                                                                                              |
| Construction in progress     | 35,721.60                             | 0.65                                                                   | 32,407.83                                                              | 0.59                                                                                                    | 10.23                | -                                                                                                                                              |
| Right-of-use assets          | 950.58                                | 0.02                                                                   | 1,250.07                                                               | 0.02                                                                                                    | -23.96               | There was a decrease in the Company's rented houses and other assets during the reporting period.                                              |
| Other non-current assets     | 1,074,401.28                          | 19.42                                                                  | 801,077.34                                                             | 14.69                                                                                                   | 34.12                | Investment in project construction continued to increase during the period as the Yunnan Miyu Highway project is currently under construction. |
| Short-term borrowings        | 567,829.80                            | 10.26                                                                  | 607,794.56                                                             | 11.15                                                                                                   | -6.58                | -                                                                                                                                              |
| Contract liabilities         | 277,203.64                            | 5.01                                                                   | 266,120.98                                                             | 4.88                                                                                                    | 4.16                 | -                                                                                                                                              |
| Long-term borrowings         | 935,267.24                            | 16.90                                                                  | 822,870.60                                                             | 15.09                                                                                                   | 13.66                | -                                                                                                                                              |
| Lease liabilities            | 363.26                                | 0.01                                                                   | 452.57                                                                 | 0.01                                                                                                    | -19.73               | -                                                                                                                                              |

Other explanations

No

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

**2. Details of overseas assets**

☐Applicable     ☒Not applicable

**3. Details of significant restricted assets as at end of the reporting period**

☒Applicable     ☐Not applicable

| Item                  | Book value as at<br>30 June 2021 | Reasons for<br>restriction |
|-----------------------|----------------------------------|----------------------------|
| Cash                  | 509,218,242.14                   | Frozen and pledged         |
| Bills receivable      | 64,513,009.67                    | Pledged                    |
| Accounts receivable   | 226,644,794.60                   | Pledged                    |
| Fixed assets          | 240,593,516.12                   | Secured                    |
| Investment properties | 35,766,863.12                    | Secured                    |
| Total                 | 1,076,736,425.65                 | –                          |

**4. Other explanations**

☒Applicable     ☐Not applicable

**1) Liquidity capital and capital resources**

As of 30 June 2021, the bank deposit and cash held by the Group amounted to RMB5.858 billion, representing a decrease of RMB1.424 billion as compared with that as at 31 December 2020, primarily due to the settlement of project progress payments in this period, which resulted in a decrease in the total amount of monetary fund.

The sources of the Group's fund are mainly from operating income, bank borrowings and offering bonds. The financing channels varied, and the Group had good records of due repayment performance. Cash held are mainly denominated in RMB and USD and borrowings are mainly carried with fixed interest rates. The Group has formulated strict capital management measures to monitor closely on the liquidity position as well as the position of the financial market in order to stipulate appropriate financial strategy.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

As of 30 June 2021, the current assets of the Group, exclusive of bank deposit and cash, amounted to RMB30.828 billion, among which bills receivable and receivables, contract assets, prepayments and other receivables, and inventories were RMB14.97 billion, RMB8.617 billion, RMB2.599 billion and RMB3.335 billion, respectively.

As of 30 June 2021, the current liabilities of the Group amounted to RMB27.661 billion, among which bills payable and payables were RMB14.608 billion. As of 30 June 2021, the net current assets of the Group, being the difference between total current assets and current liabilities, amounted to RMB9.024 billion, representing an increase of RMB383 million or 4.43% as compared with that as of 31 December 2020.

As of 30 June 2021, the outstanding interest-bearing liabilities of the Group amounted to RMB15.277 billion, among which short-term borrowings and long-term borrowings due within one year were RMB5.924 billion, and long-term borrowings were RMB9.353 billion. Total interest-bearing liabilities decreased by RMB497 million as compared with that as of 31 December 2020.

### 2) Cash flows

Net cash flows of operating activities. For the six months ended 30 June 2021, net cash outflow generated from operating activities amounted to RMB614 million, representing a decrease in outflow of RMB953 million as compared to the net outflow of the same period of the previous year. The increase in net cash flows of operating activities increased by 60.84% was primarily because the liquidity of property owners improved given the more stabilized epidemic in the PRC on one hand, and the Company included the cash flow from operating activities into the assessment indicators on the other hand to enhance payment collection.

Net cash flows of investing activities. For the six months ended 30 June 2021, net cash outflow generated from investing activities amounted to RMB1.766 billion, representing an increase in outflow of RMB128 million as compared with the net outflow of the same period of the previous year, primarily due to the investment made in the construction of the Miyu Expressway PPP project undertaken by the Company in 2021 increased as compared with the same period of the previous year.

Net cash flows of financing activities. For the six months ended 30 June 2021, net cash generated from our financing activities was net inflow amounted to RMB1.187 billion, representing a decrease in outflow of RMB1.546 billion as compared with the net outflow of the same period of the previous year, mainly because the Company received RMB2 billion of capital invested by the government and other shareholders for the Miyu PPP project and repaid certain loans from financial institutions during the reporting period. In the same period of the previous year, the Company redeemed USD350 million senior USD perpetual bonds issued at the end of 2016.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

**3) Pledge of assets**

As of 30 June 2020, the Group pledged receivables of RMB226.6448 million to obtain short-term borrowings and long-term borrowings of RMB50 million and RMB140 million, respectively.

**4) Contingent liabilities**

As of 30 June 2021, the Group did not have any material contingent liabilities.

**(IV) Investment Analysis****1. Overall analysis of equity investments**

☒Applicable    ☐Not applicable

As at 30 June 2021, the balance (original value) of long-term equity investment of the Company was RMB896.1494 million, representing an increase of RMB6.6209 million or 0.74% from the beginning of the year, of which the provision for impairment of long-term equity investment was RMB48.2186 million, which was the same as the beginning of the year.

**(1) Major equity investments**

☐Applicable    ☒Not applicable

**(2) Significant non-equity investments**

☐Applicable    ☒Not applicable

**(3) Financial assets measured at fair value**

☐Applicable    ☒Not applicable

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

**(V) Disposal of Significant Assets and Equity**

☐ Applicable    ☒ Not applicable

**(VI) Analysis of major subsidiaries, associates and joint ventures**

☒ Applicable    ☐ Not applicable

During the reporting period, particulars of the major subsidiaries of the Company are set out below:

| Subsidiary                                                                             | Business scope                                 | Total assets at the end of the period (RMB '0000) | Net assets at the end of the period (RMB '0000) | Operating income for the period (RMB '0000) | Net profit for the period (RMB '0000) |
|----------------------------------------------------------------------------------------|------------------------------------------------|---------------------------------------------------|-------------------------------------------------|---------------------------------------------|---------------------------------------|
| Shenyang Aluminum & Magnesium Engineering & Research Institute Co., Ltd.               | Engineering survey and design                  | 139,356.49                                        | 61,300.90                                       | 19,567.66                                   | 809.19                                |
| Guiyang Aluminum & Magnesium Design Institute Co., Ltd.                                | Design and consultancy                         | 224,683.76                                        | 63,215.11                                       | 15,795.76                                   | -186.64                               |
| Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy            | Survey and design                              | 250,170.31                                        | 104,699.89                                      | 65,955.80                                   | 2,679.61                              |
| China Nonferrous Metals Processing Technology Co., Ltd.                                | Engineering design and equipment manufacturing | 192,006.18                                        | 2,284.56                                        | 35,569.86                                   | -2,469.20                             |
| China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd. | Survey and design                              | 121,709.37                                        | 38,272.91                                       | 52,074.52                                   | 1,393.98                              |
| Kunming Survey and Design Institute Co., Ltd. of China Nonferrous Metals Industry      | Engineering survey and design                  | 115,601.71                                        | 38,151.11                                       | 64,957.88                                   | 2,287.66                              |
| Sixth Metallurgical Construction Company of China Nonferrous Metals Industry           | Construction work                              | 1,163,320.96                                      | 280,886.82                                      | 387,112.49                                  | 20,225.51                             |
| Ninth Metallurgical Construction Co., Ltd.                                             | Building and construction                      | 878,820.77                                        | 110,200.82                                      | 223,893.70                                  | 2,108.73                              |
| China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd.           | Construction work                              | 410,577.01                                        | 39,033.96                                       | 80,070.61                                   | -597.36                               |
| Chalieco (Tianjin) Construction Co., Ltd.                                              | Construction work                              | 169,954.58                                        | 19,776.51                                       | 29,373.20                                   | 176                                   |
| Chalco Shandong Engineering Technology Co., Ltd.                                       | Construction and installation                  | 125,854.06                                        | 32,595.36                                       | 27,073.41                                   | -2,252.71                             |
| China Aluminum International Engineering Equipment Co., Ltd.                           | Construction work                              | 170,968.87                                        | -25,796.41                                      | 26,204.85                                   | -4,187.59                             |

**(VII) Particulars of structured entities controlled by the Company**

☐ Applicable    ☒ Not applicable



## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

**V. OTHER DISCLOSURES****(I) Potential risks**

☒Applicable      ☐Not applicable

The Company is primarily exposed to overseas operation risk, PPP business risk, cash flow risk, business structure and transformation risk, and personnel health risk.

**1. Overseas operation risk**

Overseas operation risk refers to impact on the Company's ability to achieve its business goal due to the uncertainties associated with internal and external factors in the future when conducting business operations overseas. Overseas operation risk is reflected in political risk, economic risk, investment decision-making risk, business credit risk, management risk, legal risk, cultural and religion-related risk, and technical risk. Risk events such as political instability, wars and riots, coups and terrorist attacks in the countries where the projects are located may pose numerous uncertainties to project implementation and may force a project to suspend, and as a result undermine the efficiency results of overseas operations. Currently, the Company's overseas engineering contracting market is mainly concentrated in developing regions such as Asia, Latin America and Africa, and the market share in developed countries is relatively small. The projects contracted are mainly related to various non-ferrous metal manufacturing industries such as alumina production, electrolytic aluminum production and aluminum processing. As evidenced by the implementation of overseas engineering projects in recent years, natural risks and technical risks are relatively controllable, while exchange rate risks, contract risks, legal sanction risks, political risks, security risks and project payment collection risks are important risk prevention and control areas to which great attention is attached.

**2. PPP Business Risk**

The risks of PPP projects are subject to factors such as revenue, fee changes, government policies, delay in approval, public objection, etc. which have a relatively great impact on the completion of PPP projects. Upon completion of an infrastructure, it needs to be operated and maintained for a certain period of time, and the operating cost will directly affect the investment return rate of the project. Financial risks arise when the cash income from operation of the infrastructure is insufficient to pay debts and interests. During the operation of a PPP project, in order to ensure reasonable profit returns, users of the services are required to pay reasonable fees. As the operating condition of the infrastructure project or the provision of services is affected by various factors, profitability of the project often fails to reach the expected level, resulting in relatively great operational risks.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

### 3. Cash flow risk

Cash flow risk refers to the risk arising from the timing difference between cash outflow and cash inflow. Any problems concerned with net cash flow may lead to difficulties in production and operation, decline in revenue and credit crisis. The Company's cash flow risk is mainly reflected by the continuous shortage of funds resulting from the excessive proportion of receivables and contract assets as well as increasing financing scale where there exists a risk of failure to repay the principal and interest of debts on time. The capital requirement for large-scale projects newly signed is great, which may not be guaranteed by the Company's traditional financing capacity and resources.

### 4. Business structure and transformation risk

The environmental policies in the PRC have an impact on the traditional design, construction, installation and equipment manufacturing business of the Company. New projects and investments are dwindling, while competition is increasingly intense. Enterprises see their profit margins shrinking and their traditional advantages are losing ground. In emerging business sectors such as PPP and international general contract, the Company faces a number of problems, like lack of experience, shortage of talent, gap in institutions and policies and poor supply chain. The trading business, which aims to serve the principal business and focuses on the principal business, is exposed to the risk of transformation.

### 5. Personnel health risk (COVID-19 Risk)

Amid the global outbreak and spread of COVID-19, the project teams (including international project teams) are exposed to health risk in the course of production and construction because of possible unavailability of sufficient sanitation supplies and movement of people. Some international project teams may have difficulty in human resources management and virus control, and fail to keep the staff members well protected owing to poor awareness among the staff and lousy pandemic prevention and control actions.

## (II) Other disclosures

☒ Applicable      ☐ Not applicable

### 1. Contract of significance

Save for disclosed in the section headed "Related Party Relationships and Transactions" in this interim report, none of the Company or any of its subsidiaries entered into any contracts of significance with the controlling Shareholder or any of its subsidiaries other than the Company, nor was there any contracts of significance between the Company and the controlling Shareholder or any of its subsidiaries other than the Company in relation to provision of services.

## SECTION 3 MANAGEMENT DISCUSSION AND ANALYSIS

**2. Business in connection with sanctioned countries**

As at the latest practicable date, the Risk Management Committee of the Company confirmed that the proceeds raised from the global offering of the Company had been deposited with a designated bank account and no such proceeds had been used in business in connection with sanctioned countries or used as payment for the compensation under the Iran Contracts. From the beginning of the reporting period to the latest practicable date, the Company did not enter into any new business in connection with sanctioned countries, nor did it have any business planning or arrangement for transactions with sanctioned countries. The Board has no intention to enter into any new business with sanctioned countries.

**3. Interim dividend**

The Board has not made any recommendation on the payment of an interim dividend for the six months ended 30 June 2021.

**4. Purchase, redemption or sale of listed securities**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the half-year ended 30 June 2021.

**5. Reporting responsibility of Directors in relation to the financial statements**

The Board shall fulfill its duty to prepare the Company's financial statements as of 30 June 2021 so as to give a true and fair view of production and operational condition of the Company, and of the business performance and cash flow of the Company. The management of the Company has provided the Board with the necessary explanation and data to facilitate the review of the Company's financial statements by the Board. The Directors are not aware of any significant uncertainties, that is, events or incidents that may cast significant doubt on the Company's ability to continue as a going concern.

**6. Accounting policies**

The accounting policies adopted by the Group in the preparation of the unaudited condensed consolidated financial statements as of 30 June 2021 are consistent with the major accounting policies adopted in the preparation of the audited consolidated financial statements for the year ended 31 December 2020.

## SECTION 4 CORPORATE GOVERNANCE

### I. SHAREHOLDERS' MEETING

| Session of meeting                                                                                           | Convening date   | Websites designated for disclosure of resolutions | Resolutions disclosing date (A Share/H Share) | Resolutions                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------|------------------|---------------------------------------------------|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The 2021 first extraordinary general meeting of China Aluminum International Engineering Corporation Limited | 25 February 2021 | www.sse.com.cn<br>www.hkexnews.hk                 | 26 February 2021/<br>25 February 2021         | The Resolution on the Election of Mr. Liu Jing as the Executive Director of the Third Session of the Board of the Company was considered and approved at the 2021 first extraordinary general meeting. For details, please see the Announcement on the Resolutions of First Extraordinary General Meeting in 2021 and the Announcement on Poll Results of The First Extraordinary General Meeting in 2021 disclosed by the Company in the SSE and the Stock Exchange |
| The 2020 annual general meeting of China Aluminum International Engineering Corporation Limited              | 25 June 2021     | www.sse.com.cn<br>www.hkexnews.hk                 | 26 June 2021/<br>25 June 2021                 | 13 resolutions including the Board of Directors' work report for 2020, Board of Supervisors' work report for 2020 and financial report for 2020 were considered and approved at the 2020 annual general meeting. For details, please see the Announcement on the Resolutions of the General Meeting in 2020 and the Announcement on Poll Results of the 2020 Annual General Meeting disclosed by the Company in the SSE and the Stock Exchange                       |

#### Request for convening of extraordinary general meetings by preference shareholders with recovered voting rights

☐ Applicable      ☒ Not applicable

#### Particulars of the general meeting

☒ Applicable      ☐ Not applicable

The 2021 first extraordinary general meeting and 2020 annual general meeting of the Company were convened by the Board and presided over by Mr. WU Jianqiang, chairman of the Company. The convening, holding and voting of the meetings were in compliance with the laws and regulations such as the Company Law of the People's Republic of China, and the Articles of Association of China Aluminum International Engineering Corporation Limited.

## SECTION 4 CORPORATE GOVERNANCE

**II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY**✓Applicable      ☐Not applicable

| <b>Name</b> | <b>Position</b>                                                                  | <b>Change</b> |
|-------------|----------------------------------------------------------------------------------|---------------|
| WANG Jun    | Non-executive Director, member of the audit committee and remuneration committee | Resignation   |
| WU Zhigang  | Executive Director, vice president                                               | Resignation   |
| LIU Jing    | President                                                                        | Appointment   |
| LIU Jing    | Executive Director                                                               | Election      |
| MA Ning     | Vice president                                                                   | Appointment   |

**Descriptions of changes in directors, supervisors and senior management of the company**✓Applicable      ☐Not applicable

1. Mr. WANG Jun has resigned as a non-executive director, a member of audit committee and remuneration committee of the Company on 20 January 2021 due to work delegation. Upon resignation, Mr. WANG Jun no longer holds any position in the Company. Mr. WU Zhigang has resigned as an executive Director and vice president of the Company on 20 January 2021 as he has reached his retirement age. Upon resignation, Mr. WU Zhigang no longer holds any position in the Company.
2. On 20 January 2021, the 37th meeting of the third session of the Board of the Company considered and passed the resolution on Appointment of Senior Management Personnel of the Company, and appointed Mr. LIU Jing as the president of the Company and appointed Mr. MA Ning as the vice president of the Company for a term commencing from the date when this resolution of the Board was made.
3. On 25 February 2021, the 2021 first extraordinary general meeting of the Company considered and passed the Resolution on the Election of Mr. Liu Jing as the executive director of the Third Session of the Board of the Company, and appointed Mr. LIU Jing as an executive director of the third session of the Board of the Company for a term commencing from the date of his election at the general meeting of the Company until the date when the third session of the Board ends.

## SECTION 4 CORPORATE GOVERNANCE

**III. PROPOSAL FOR PROFIT DISTRIBUTION OR FOR CONVERTING CAPITAL RESERVE INTO SHARE CAPITAL****The proposed profit distribution plan or converting capital reserve into share capital plan for the half year**

|                                                                                                      |    |
|------------------------------------------------------------------------------------------------------|----|
| Whether to distribute profit or transfer reserves                                                    | No |
| Number of bonus shares for every 10 shares (share)                                                   | 0  |
| Amount of dividend for every 10 shares (RMB) (tax inclusive)                                         | 0  |
| Number of shares converted for every 10 shares (share)                                               | 0  |
| Particulars of proposal for profit distribution or for converting capital Reserve into share capital |    |

No

**IV. SHARE OPTION INCENTIVE PLAN, EMPLOYEE STOCK OPTION PLAN OR OTHER EMPLOYEE INCENTIVE MEASURES AND THEIR IMPACT****(I) Incentives disclosed in provisional announcements and with no subsequent development or change**

☐Applicable    ☒Not applicable

**(II) Incentives not disclosed in provisional announcements or with subsequent development****Particulars of share option incentives**

☐Applicable    ☒Not applicable

**Other information**

☐Applicable    ☒Not applicable

**Particulars of employee stock option plan**

☐Applicable    ☒Not applicable

**Other incentive measures**

☐Applicable    ☒Not applicable

## SECTION 4 CORPORATE GOVERNANCE

**V. CORPORATE GOVERNANCE AND GOVERNANCE OF THE COMPANY****(I) Compliance with corporate governance code**

The Company has always been committed to improving the level of corporate governance and regards corporate governance as an indispensable part of creating value for shareholders. With reference to the code provisions set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Listing Rules of the Stock Exchange, the Company has established a modern corporate governance structure composed of general meetings, the Board, the Board of Supervisors and the senior management that can effectively balance each other's powers and operate independently. The Company has also adopted the Corporate Governance Code as its corporate governance practices.

As a company listed on the Stock Exchange, the Company has been committed to maintaining a high standard of corporate governance practices. For the six months ended 30 June 2021, the Company complied with all the code provisions and, where appropriate, adopted the recommended best practices set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules of the Stock Exchange.

**(II) Compliance with the model code for securities transactions by directors, supervisors and relevant employees**

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules of the Stock Exchange as the code of conduct and rules governing dealings by all of our directors and supervisors in the securities of the Company. Having made specific enquiries to the directors and supervisors of the Company, all directors and supervisors have confirmed that they had strictly complied with the required standard set out in the Model Code during the reporting period. The Company has also set up guidelines in respect of the dealings by its relevant employees (as defined in the Listing Rules of the Stock Exchange) in the Company's securities, which are on no less exacting terms than the Model Code. The Company is not aware of any breach of the guidelines by its relevant employees.

The Board will examine the corporate governance practices and operations of the Company from time to time so as to ensure the compliance with relevant requirements under the Listing Rules of the Stock Exchange and to protect Shareholders' interests.

## SECTION 4 CORPORATE GOVERNANCE

### **(III) Independent non-executive Directors**

The Company has appointed a sufficient number of independent non-executive directors with appropriate professional qualifications or appropriate accounting or related financial management expertise in accordance with the requirements of the Listing Rules of the Stock Exchange. The Company has appointed a total of three independent non-executive directors, being Mr. GUI Weihua, Mr. CHEUNG Hung Kwong and Mr. FU Jun.

### **(IV) Audit Committee**

The Company has established the Audit Committee in accordance with the requirements of the Listing Rules of the Stock Exchange. The primary responsibilities of the Audit Committee include reviewing the company's internal control system and guiding the establishment of the corporate internal control mechanism; making recommendations to the Board on hiring or replacing accounting firms and other intermediaries and their remuneration; reviewing the Company's financial reports, examining the Company's accounting policies and their changes, and providing opinions to the Board; reviewing the Company's financial information and its disclosure; making recommendations to the Board on appointing and dismissing person-in-charge of the Company's internal audit division; supervising the formulation and implementation of the Company's internal audit system; evaluating and supervising the integrity and operational effectiveness of the corporate audit system; and maintaining proper communication with the Board of Supervisors and the internal audit division and external audit firms of the Company.

The Audit Committee consists of three directors, namely Mr. GUI Weihua (independent non-executive director), Mr. CHEUNG Hung Kwong (independent non-executive director) and Mr. FU Jun (independent non-executive director). Mr. CHEUNG Hung Kwong serves as the chairman of the Audit Committee.

### **(V) Review of interim results**

On 21 August 2021, the Audit Committee reviewed and confirmed the Company's unaudited interim results for the six months ended 30 June 2021 and interim report 2021, and was of the view that the unaudited interim results for the six months ended 30 June 2021 are in compliance with applicable accounting standards and legal requirements, and that appropriate disclosure was made.



## SECTION 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

### I. ENVIRONMENTAL INFORMATION

- (I) **Environmental protection information of companies and their important subsidiaries on the watch list of key pollutant discharging units published by the environmental protection authority**

☐Applicable ☒Not applicable

- (II) **Explanation of environmental protection information of companies not on the watch list of key pollutant discharging units**

☒Applicable ☐Not applicable

**1. Administrative penalties imposed due to environmental issues**

☐Applicable ☒Not applicable

**2. Disclosure of other environmental information with reference to key pollutant discharging units**

☒Applicable ☐Not applicable

The Company adhered to the guidance of Xi Jinping's ecological civilization thought, thoroughly implemented the new development concept, and strictly abided by the national environmental protection laws and regulations. The Company continued to deepen its internal environmental protection work, discharged various pollutants in compliance with laws and regulations, strengthened the prevention and control of pollution at the front line of production and construction, and earnestly fulfilled the main responsibility for environmental protection among enterprises.

The first is to thoroughly study and implement Xi Jinping's thoughts on ecological civilization and the decisions and deployments of the Party Central Committee, the State Council and the Ministry of Ecology and Environment. The Company shall actively carry out the study and promotion of Xi Jinping's new thoughts on ecological civilization construction, and has organized the "5 June" Environment Day activities in order to realize in-depth integration of Xi Jinping's ecological civilization thoughts and our business, thereby achieving consistent learning, promotion, guidance and application.

## SECTION 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

The second is to continuously improve the level of essential environmental protection work and strengthen source control. Each design companies of the Company carried out design work in strict accordance with environmental protection standards and regulations, and timely updated the standards implemented during the design process to ensure that the designs of products fulfill environmental protection requirements. The Company encouraged design companies to strengthen the design optimization of energy-saving and emission-reduction technical solutions in the design process, and carry out research on new technologies and new manufacturing processes. Moreover, the Company actively advocated the research and development of new technologies, new materials and new products, and promoted and facilitated environmental protection work in a comprehensive manner.

The third is to strengthen the management and control of noise, sewage, waste, dust, and exhaust gas during construction and production, and strictly comply with the requirements of the local government regarding the project to equip with environmental protection equipment and facilities such as dust and noise reduction equipment, spray facilities, water trucks, fog machines, and dust monitoring devices. In the first half of 2021, the overall environmental protection situation of the Company was promising. There was no sudden environmental incident and no major administrative penalty in respect of environmental protection. The environmental protection awareness among all employees has been continuously improved. Each companies has made significant improvements in environmental protection system construction, environmental risk management and control, solid waste control, and environmental protection investment.

### 3. Reason for not disclosing other environmental information

☐Applicable ☒Not applicable

### (III) Explanation of subsequent development or changes of environmental information disclosed in the reporting period

☐Applicable ☒Not applicable

## SECTION 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

**(IV) Information on efforts conducive to ecological protection, pollution prevention and control, and fulfillment of environmental responsibility**✓Applicable ☐Not applicable

The Company attaches great importance to ecological and environmental protection work, and continues to strengthen its responsibilities to conduct environmental protection work. In the first half of 2021, the Company continued to require all employees to sign the responsibility list of “one position with two responsibilities” for safety and environmental protection, and signed the “Responsibility Letter for Safety and Environmental Protection Quality” with various companies and departments to promote the fulfillment of their responsibility for carrying out environmental protection work. The Company arranged various companies to conduct special environmental inspections according to the actual business conditions for rectification of problems; actively organized the “5 June” Environment Day activities to increase the awareness of all employees regarding ecological and environmental protection; continued to promote the development and application of environmental protection technologies; facilitated on-site implementation of the “100% for Six” work requirements for projects in order to actively promote the use of energy-saving and eco-friendly technologies and facilitate the Company’s steady improvement in its ability to carry out ecological and environmental protection work. In the first half of 2021, the Company’s ecological and environmental protection work was conducted in a stable and orderly manner, and there was no sudden environmental incidents.

**(V) Measures adopted for reducing carbon emissions during the reporting period and their effects**☐Applicable ✓Not applicable**II. DETAILED INFORMATION ON CONSOLIDATION AND EXPANSION OF THE RESULTS IN POVERTY ALLEVIATION, RURAL REVITALIZATION AND OTHER WORK**✓Applicable ☐Not applicable

During the reporting period, the Company invested a total of RMB0.551 million of funds (including costs of supplies), introduced RMB0.75 million of capital to villages, assisted in the sales of products in an amount of RMB11,000, purchased RMB0.5272 million of products, designated 3 cadres to station in villages, and sent two task forces consisting of five people to station in villages.

## SECTION 6 KEY MATTERS

### I. PERFORMANCE OF COMMITMENTS

#### (I) Commitments of the Company and its effective controller, shareholders, related parties, acquirers that were made in or continued into the reporting period

✓Applicable      ☐Not applicable

| Background of commitment | Type of commitment                | Party of commitment                                                                                      | Content of commitment                                                                                             | Date and term of commitment                                                                      | Whether there is time limit for performance | Whether commitment is performed strictly in a timely manner | Specific reasons for any delay in performance | Subsequent plan in case of any delay in performance |
|--------------------------|-----------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|---------------------------------------------|-------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------|
| IPO related commitments  | Restriction on sales of shares    | Chinalco                                                                                                 | Commitment on share lockup and intention of reducing shareholding                                                 | Three years from the date of A share listing, and two years from expiration of the lockup period | Yes                                         | Yes                                                         | N/A                                           | N/A                                                 |
|                          | Restriction on sales of shares    | Luoyang Institute                                                                                        | Commitment on share lockup and intention of reducing shareholding                                                 | Three years from the date of A share listing, and two years from expiration of the lockup period | Yes                                         | Yes                                                         | N/A                                           | N/A                                                 |
|                          | Others                            | Chinalco, the Company, and our nonindependent directors and senior management                            | Stock price stabilisation plan                                                                                    | Three years from the date of A share listing                                                     | Yes                                         | Yes                                                         | N/A                                           | N/A                                                 |
|                          | Others                            | Our directors and senior management                                                                      | Making up for diluted return for the current period                                                               | Long term                                                                                        | Yes                                         | Yes                                                         | N/A                                           | N/A                                                 |
|                          | Resolving competition among peers | Chinalco                                                                                                 | Peer competition                                                                                                  | Long term                                                                                        | Yes                                         | Yes                                                         | N/A                                           | N/A                                                 |
|                          | Resolving related transactions    | Chinalco                                                                                                 | Related transaction                                                                                               | Long term                                                                                        | Yes                                         | Yes                                                         | N/A                                           | N/A                                                 |
|                          | Resolving related transactions    | Chalco Finance                                                                                           | Credit facility service provided by related party                                                                 | Long term                                                                                        | Yes                                         | Yes                                                         | N/A                                           | N/A                                                 |
|                          | Others                            | Our directors, supervisors and senior management                                                         | Qualifications                                                                                                    | Long term                                                                                        | Yes                                         | Yes                                                         | N/A                                           | N/A                                                 |
|                          | Others                            | Chinalco                                                                                                 | Defect in title of land                                                                                           | Long term                                                                                        | Yes                                         | Yes                                                         | N/A                                           | N/A                                                 |
|                          | Others                            | The Company                                                                                              | Real estate related business                                                                                      | Long term                                                                                        | Yes                                         | Yes                                                         | N/A                                           | N/A                                                 |
|                          | Others                            | Chinalco, the Company, our directors, supervisors and senior management, sponsor, auditor, legal advisor | Undertakings that the prospectus do not carry any false statement, misleading representation or material omission | Long term                                                                                        | Yes                                         | Yes                                                         | N/A                                           | N/A                                                 |

## SECTION 6 KEY MATTERS

### **II. FUNDS MISAPPROPRIATED BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD FOR NON OPERATING CAUSES**

☐Applicable      ☒Not applicable

### **III. ILLEGAL GUARANTEE**

☐Applicable      ☒Not applicable

### **IV. AUDIT OF INTERIM REPORT**

☐Applicable      ☒Not applicable

## SECTION 6 KEY MATTERS

**V. CHANGES AND TREATMENT OF MATTERS RELATED TO NON-STANDARD AUDIT OPINIONS IN THE FINANCIAL REPORT OF THE PREVIOUS YEAR**

☐ Applicable      ☒ Not applicable

**VI. BANKRUPTCY AND REORGANIZATION RELATED ISSUES**

☐ Applicable      ☒ Not applicable

**VII. MATERIAL LITIGATION AND ARBITRATION**

- ☒ The Company was involved in any material litigation or arbitration during the year.  
☐ The Company was not involved in any material litigation or arbitration during the year.

**(I) Litigation and arbitration disclosed in provisional announcements and without subsequent development**

☒ Applicable      ☐ Not applicable

| Summary and type of the issue                                                                                                                                                                                                             | Reference                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dispute arising from engineering construction contract between Tianjin Construction, a wholly-owned subsidiary of the Company, and Shanxi Tongde Aluminum Industry Co., Ltd.                                                              | For details, please refer to the Announcement No. Pro 2021-003 issued by the Company on 21 January 2021 on the designated media for information disclosure                                                                                                                                                                    |
| Dispute arising from engineering construction contract between Sixth Metallurgical Company, a wholly-owned subsidiary of the Company, and Henan Zhongfu Industrial Co., Ltd.                                                              | For details, please refer to the Announcement No. Pro 2020-049 and Announcement No. Pro 2021-006 issued by the Company on 7 August 2020 and 27 January 2021, respectively, on the designated media for information disclosure                                                                                                 |
| Disputes arising from engineering construction contract between Chang Cheng Construction, a wholly-owned subsidiary of our wholly-owned subsidiary Sixth Metallurgical Company and Changge Hongji Weiye Real Estate Development Co., Ltd. | For details, please refer to the Announcement No. Pro 2019-032, Announcement No. Pro 2020-005, Announcement No. Pro 2020-056 and Announcement No. Pro 2021-009 issued by the Company on 8 May 2019, 11 January 2020, 10 September 2020 and 10 February 2021, respectively, on the designated media for information disclosure |

## SECTION 6 KEY MATTERS

| Summary and type of the issue                                                                                                                                                                                             | Reference                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dispute arising from engineering construction contract between Ninth Metallurgical Company, a controlling subsidiary of the Company, and Gree Electric (Zhengzhou) Co., Ltd.                                              | For details, please refer to the Announcement No. Pro 2019-024, Announcement No. Pro 2020-014 and Announcement No. Pro 2021-010 issued by the Company on 18 April 2019, 12 March 2020 and 10 February 2021, respectively, on the designated media for information disclosure |
| Dispute arising from engineering construction contract between Xi'an Geotechnical Engineering Co., Ltd. and our Shenyang Branch                                                                                           | For details, please refer to the Announcement No. Pro 2021-021 issued by the Company on 1 April 2021 on the designated media for information disclosure                                                                                                                      |
| Disputes arising from engineering construction contract between Sixth Metallurgical, a wholly-owned subsidiary of the Company, and Kaiyang County Ronghe City Development Investment Co., Ltd.                            | For details, please refer to the Announcement No. Pro 2020-002 and Announcement No. Pro 2021-024 issued by the Company on 4 January 2020 and 1 May 2021, respectively, on the designated media for information disclosure                                                    |
| Dispute arising from engineering construction contract between Twelfth Metallurgical Company, a wholly-owned subsidiary of the Company, and Northern Heavy Industries Group Co., Ltd. (confirmation of bankruptcy claims) | For details, please refer to the Announcement No. Pro 2021-025 issued by the Company on 8 May 2021 on the designated media for information disclosure                                                                                                                        |
| Dispute arising from engineering construction contract between Guizhou Huaren Advanced Materials Co., Ltd. and the Guiyang Branch of the Company                                                                          | For details, please refer to the Announcement No. Pro 2021-027 issued by the Company on 26 May 2021 on the designated media for information disclosure                                                                                                                       |

## SECTION 6 KEY MATTERS

| Summary and type of the issue                                                                                                                                                                              | Reference                                                                                                                                                                                                                                                               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dispute arising from engineering construction contract between Yingkou Zhongwang Aluminum Co., Ltd and Sixth Metallurgical Company, a wholly-owned subsidiary of the Company                               | For details, please refer to the Announcement No. Pro 2019-051, Announcement No. Pro 2019-054 and Announcement No. Pro 2021-029 issued by the Company on 17 July 2019, 2 August 2019 and 10 June 2021, respectively, on the designated media for information disclosure |
| Dispute arising from engineering construction contract between Twelfth Metallurgical Company, a wholly-owned subsidiary of the Company, and Pilatus Aircraft Maintenance Engineering (Chongqing) Co., Ltd. | For details, please refer to the Announcement No. Pro 2021-031 issued by the Company on 13 July 2021 on the designated media for information disclosure                                                                                                                 |

## (II) Particulars of litigations and arbitrations not disclosed in provisional announcements or with subsequent development

☒Applicable    ☐Not applicable

Unit: Yuan    Currency: RMB

During the reporting period:

| Plaintiff (Applicant)         | Defendant (Respondent)                                                             | Party with several and joint liability | Litigation or Arbitration | Basic information of litigation (arbitration) | Amount concerning litigation (arbitration) | Whether estimated liability arose from the litigation (arbitration) and amount | Current status of the litigation (arbitration) | Judgment/award and impact | Enforcement of judgment (award) |
|-------------------------------|------------------------------------------------------------------------------------|----------------------------------------|---------------------------|-----------------------------------------------|--------------------------------------------|--------------------------------------------------------------------------------|------------------------------------------------|---------------------------|---------------------------------|
| Twelfth Metallurgical Company | Huainan Zhongsheng, Wuzhou Hengyou Company, Ganzhou Hualong Company, Chen Quanhong | Nil                                    | Litigation                | Dispute over contract                         | 751,990,000                                | No                                                                             | Judgment handed down                           | Note                      | Under enforcement               |

Note: In April 2021, Twelfth Metallurgical Company enforced the receipt of a payment of RMB254.7 million. The remaining payment is under enforcement.

## (III) Other information

☐Applicable    ☒Not applicable



## SECTION 6 KEY MATTERS

**VIII. PUNISHMENTS UPON THE LISTED COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER, EFFECTIVE CONTROLLER, ACQUIRER AND RECTIFICATIONS**

☐ Applicable      ☒ Not applicable

**IX. CREDIBILITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDER AND EFFECTIVE CONTROLLER DURING THE REPORTING PERIOD**

☒ Applicable      ☐ Not applicable

During the reporting period, the Company, and its controlling shareholder and effective controller were in good credit conditions and did not have any bad credit conditions, such as failure to perform any effective judgment of the court and failure to pay any significant amounts of debts when due.

**X. MATERIAL RELATED-PARTY TRANSACTIONS****(I) Related-party transactions related to daily operations****1. Events disclosed in provisional announcements and without subsequent development or change in implementation**

☐ Applicable      ☒ Not applicable

**2. Events disclosed in provisional announcements but with subsequent development or change in implementation**

☒ Applicable      ☐ Not applicable

| Events of connected transactions                                       | Connected persons                      | Annual cap for 2021 (RMB'0,000) | Actual transaction amount from January to June 2021 (RMB'0,000) |
|------------------------------------------------------------------------|----------------------------------------|---------------------------------|-----------------------------------------------------------------|
| Provision of engineering services by the Group                         | Chinalco                               | 700,000                         | 91,160.75                                                       |
| Provision of general services to the Group                             | Chinalco                               | 16,000                          | 656.13                                                          |
| Provision of general services by the Group                             | Chinalco                               | 10,000                          | 370.7                                                           |
| Provision of commodities by the Group                                  | Chinalco                               | 80,000                          | 5,891.95                                                        |
| Provision of commodities to the Group                                  | Chinalco                               | 100,000                         | 2,123.96                                                        |
| Provision of deposit services to the Group                             | Chinalco Finance                       | 280,000                         | 279,926.39                                                      |
| Provision of factoring facility services to the Group                  | Chinalco Commercial Factoring Company  | 100,000                         | 14,000                                                          |
| Provision of financial services such as financial leasing to the Group | China Aluminum Finance Lease Co., Ltd. | 100,000                         | –                                                               |

Note: Since 26 June 2021, the maximum deposit limit of the Company with financial companies has changed to RMB6 billion.

**3. Events not disclosed in provisional announcements**

☐ Applicable      ☒ Not applicable

## SECTION 6 KEY MATTERS

**(II) Related-party transactions from acquisition and disposal of assets, equity interests****1. Events disclosed in provisional announcements and without subsequent development or change in implementation**

☐Applicable      ☒Not applicable

**2. Events disclosed in provisional announcements but with subsequent development or change in implementation**

☐Applicable      ☒Not applicable

**3. Events not disclosed in provisional announcements**

☐Applicable      ☒Not applicable

**4. In case of any guaranteed performance, whether the performance is achieved for the reporting period shall be disclosed.**

☐Applicable      ☒Not applicable

**(III) Material connected transactions in joint external investments****1. Events disclosed in provisional announcements and without subsequent development or change in implementation**

☐Applicable      ☒Not applicable

**2. Events disclosed in provisional announcements but with subsequent development or change in implementation**

☐Applicable      ☒Not applicable

**3. Events not disclosed in provisional announcements**

☐Applicable      ☒Not applicable

**1. Events disclosed in provisional announcements and without subsequent development or change in implementation**

**2. Events disclosed in provisional announcements but with subsequent development or change in implementation**

### 3. Events not disclosed in provisional announcements

Unit: Yuan    Currency: RMB

| Related party                                                                                                          | Relationship                                                                                                         | Provision of funds to related party |         | Closing balance | Provision of funds to the listed company by related party |               | Closing balance |
|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-------------------------------------|---------|-----------------|-----------------------------------------------------------|---------------|-----------------|
|                                                                                                                        |                                                                                                                      | Opening balance                     | Accrual |                 | Opening balance                                           | Accrual       |                 |
| Chalieco Finance                                                                                                       | Wholly-owned subsidiary of the parent                                                                                |                                     |         |                 | 1,275,000,000                                             | 1,715,000,000 | 2,990,000,000   |
| China Aluminum Commercial Factoring (Tianjin) Co., Ltd.                                                                | Wholly-owned subsidiary of the parent                                                                                |                                     |         |                 | 140,000,000                                               | 0             | 140,000,000     |
| Total                                                                                                                  |                                                                                                                      |                                     |         |                 | 1,415,000,000                                             | 1,715,000,000 | 3,130,000,000   |
| Cause to claims and liabilities between related parties                                                                | Amounts provided by related parties for the listed company included entrusted loans, lending and factoring facility. |                                     |         |                 |                                                           |               |                 |
| Impact of such claims and liabilities between related parties on the Company's operating result and financial position | No material impact.                                                                                                  |                                     |         |                 |                                                           |               |                 |

## SECTION 6 KEY MATTERS

**(V) Financial business between the Company and its related financial companies, financial companies under its control and related parties**✓Applicable    ☐ Not applicable**1. Deposit business**✓Applicable    ☐ Not applicable

Unit: Yuan Currency: RMB

| Related party    | Related relationship                  | Maximum daily deposit | Range of deposit interest rate | Opening balance  | Incurred during the period | Closing balance  |
|------------------|---------------------------------------|-----------------------|--------------------------------|------------------|----------------------------|------------------|
| Chalieco Finance | Wholly-owned subsidiary of the parent | 2,800,000,000.00      | 0.525%-1.495%                  | 2,759,608,747.00 | -558,061,536.00            | 2,201,547,211.00 |
| Total            |                                       |                       |                                | 2,759,608,747.00 | -558,061,536.00            | 2,201,547,211.00 |

Note: Since 26 June 2021, the maximum deposit limit of the Company with financial companies has been adjusted to RMB6 billion.

**2. Loan business**✓Applicable    ☐ Not applicable

Unit: Yuan Currency: RMB

| Related party                                           | Related relationship                  | Loan facility    | Range of loan interest rate | Opening balance  | Incurred during the period | Closing balance  |
|---------------------------------------------------------|---------------------------------------|------------------|-----------------------------|------------------|----------------------------|------------------|
| Chalieco Finance                                        | Wholly-owned subsidiary of the parent | 5,535,000,000.00 | 3.6%-4.35%                  | 1,275,000,000.00 | 1,715,000,000.00           | 2,990,000,000.00 |
| China Aluminum Commercial Factoring (Tianjin) Co., Ltd. | Wholly-owned subsidiary of the parent | 600,000,000.00   | 4.5%-6%                     | 140,000,000.00   | 0                          | 140,000,000.00   |
| Total                                                   |                                       |                  |                             | 1,415,000,000.00 | 1,715,000,000.00           | 3,130,000,000.00 |

## SECTION 6 KEY MATTERS

**3. Credit business or other financial business**

☒Applicable   ☐Not applicable

Unit: Yuan Currency: RMB

| Related party                                           | Related relationship                  | Business type             | Total amount     | Actual amount incurred |
|---------------------------------------------------------|---------------------------------------|---------------------------|------------------|------------------------|
| Chalieco Finance                                        | Wholly-owned subsidiary of the parent | Comprehensive credit line | 6,000,000,000.00 | 2,990,000,000.00       |
| China Aluminum Commercial Factoring (Tianjin) Co., Ltd. | Wholly-owned subsidiary of the parent | Comprehensive credit line | 600,000,000.00   | 140,000,000.00         |
| Chinalco Finance Lease Co., Ltd.                        | Wholly-owned subsidiary of the parent | Comprehensive credit line | 1,000,000,000.00 | 0                      |

Note: Since 26 June 2021, the maximum credit line of the Company with financial companies has been adjusted to RMB10 billion.

**4. Other particulars**

☐Applicable   ☒Not applicable

**(VI) Other significant related-party transactions**

☐Applicable   ☒Not applicable

**(VII) Other**

☐Applicable   ☒Not applicable

**XI. MATERIAL CONTRACTS AND THEIR PERFORMANCE****1. Custody, contracting and lease**

☐Applicable   ☒Not applicable

## SECTION 6 KEY MATTERS

## 2. Performed and outstanding material guarantees during the reporting period

✓Applicable      □Not applicable

Unit: Yuan    Currency: RMB

| The guarantor                                                | Relation of the guarantor to the listed company | The guaranteed                                                    | Guarantees provided for external parties (except those for subsidiaries) |                                            |                   |             |                   |           |                     |                            |                |                | Related party guarantee or not | Related relationship |
|--------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------|-------------------|-------------|-------------------|-----------|---------------------|----------------------------|----------------|----------------|--------------------------------|----------------------|
|                                                              |                                                 |                                                                   | Guaranteed amount                                                        | Date of guarantee (agreement signing date) | Commencement date | Ending date | Type of guarantee | Main debt | Collateral (if any) | Guarantee performed or not | Overdue or not | Overdue amount | Counter guaranteed             |                      |
| Hanzhong Ninth Metallurgical Construction Co., Ltd.          | Controlling subsidiary                          | Mian County Urban and Rural Infrastructure Construction Co., Ltd. | 63,600,000.00                                                            | 2015/10/20                                 | 2015/10/20        | 2027/10/19  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| Ninth Metallurgical Construction Co., Ltd.                   | Controlling subsidiary                          | Mian County Urban Development Investment Co., Ltd.                | 21,000,000.00                                                            | 2013/1/7                                   | 2013/1/7          | 2023/1/6    | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Ningyong Expressway Company                                       | 257,160,000                                                              | 2019/12/18                                 | 2019/12/30        | 2047/10/30  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Ningyong Expressway Company                                       | 214,300,000                                                              | 2019/12/18                                 | 2020/3/31         | 2047/10/30  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Ningyong Expressway Company                                       | 214,300,000                                                              | 2019/12/18                                 | 2019/12/18        | 2047/10/30  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Ningyong Expressway Company                                       | 300,020,000                                                              | 2019/12/19                                 | 2019/12/19        | 2047/10/30  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Ningyong Expressway Company                                       | 42,860,000                                                               | 2020/7/2                                   | 2020/9/28         | 2045/9/27   | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Ningyong Expressway Company                                       | 85,720,000                                                               | 2020/7/2                                   | 2020/9/28         | 2045/9/27   | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Ningyong Expressway Company                                       | 85,720,000                                                               | 2020/7/2                                   | 2020/9/28         | 2045/9/27   | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Ningyong Expressway Company                                       | 128,580,000                                                              | 2020/7/2                                   | 2021/1/4          | 2045/11/26  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Ningyong Expressway Company                                       | 42,860,000                                                               | 2020/7/2                                   | 2021/2/2          | 2045/11/26  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Ningyong Expressway Company                                       | 85,720,000                                                               | 2020/7/2                                   | 2021/2/25         | 2045/11/26  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Ningyong Expressway Company                                       | 207,013,800                                                              | 2020/7/2                                   | 2021/3/1          | 2045/11/26  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Ningyong Expressway Company                                       | 128,580,000                                                              | 2020/7/2                                   | 2021/3/31         | 2045/11/26  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Ningyong Expressway Company                                       | 12,858,000                                                               | 2020/7/2                                   | 2021/6/16         | 2045/11/26  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Ningyong Expressway Company                                       | 18,001,200                                                               | 2020/7/2                                   | 2021/7/5          | 2045/11/26  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Linyun Expressway Company                                         | 85,720,000                                                               | 2019/12/18                                 | 2020/6/18         | 2047/10/30  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Linyun Expressway Company                                         | 342,880,000                                                              | 2019/10/31                                 | 2019/10/31        | 2047/10/30  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Linyun Expressway Company                                         | 171,440,000                                                              | 2019/12/18                                 | 2020/8/27         | 2048/8/26   | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Linyun Expressway Company                                         | 42,860,000                                                               | 2020/9/28                                  | 2020/9/28         | 2047/9/27   | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Linyun Expressway Company                                         | 85,720,000                                                               | 2020/9/28                                  | 2020/10/20        | 2048/10/19  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited | Headquarters                                    | Linyun Expressway Company                                         | 42,860,000                                                               | 2020/9/25                                  | 2020/9/25         | 2045/9/25   | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |

## SECTION 6 KEY MATTERS

| The guarantor                                                                                                                       | Relation of the guarantor to the listed company | The guaranteed               | Guarantees provided for external parties (except those for subsidiaries) |                                            |                   |             |                   |           |                     |                            |                |                | Related party guarantee or not | Related relationship |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------|--------------------------------------------------------------------------|--------------------------------------------|-------------------|-------------|-------------------|-----------|---------------------|----------------------------|----------------|----------------|--------------------------------|----------------------|
|                                                                                                                                     |                                                 |                              | Guaranteed amount                                                        | Date of guarantee (agreement signing date) | Commencement date | Ending date | Type of guarantee | Main debt | Collateral (if any) | Guarantee performed or not | Overdue or not | Overdue amount | Counter guaranteed             |                      |
| China Aluminum International Engineering Corporation Limited                                                                        | Headquarters                                    | Linyun Expressway Company    | 257,160,000                                                              | 2020/9/28                                  | 2021/1/4          | 2048/1/3    | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited                                                                        | Headquarters                                    | Linyun Expressway Company    | 171,440,000                                                              | 2021/1/5                                   | 2021/1/5          | 2043/1/4    | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited                                                                        | Headquarters                                    | Linyun Expressway Company    | 85,720,000                                                               | 2021/6/24                                  | 2021/6/24         | 2045/1/4    | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited                                                                        | Headquarters                                    | Linshuang Expressway Company | 94,292,000                                                               | 2020/5/6                                   | 2018/1/23         | 2047/10/30  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited                                                                        | Headquarters                                    | Linshuang Expressway Company | 85,720,000                                                               | 2020/5/6                                   | 2018/3/23         | 2047/10/30  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited                                                                        | Headquarters                                    | Linshuang Expressway Company | 85,720,000                                                               | 2020/5/6                                   | 2019/2/14         | 2047/10/30  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited                                                                        | Headquarters                                    | Linshuang Expressway Company | 21,430,000                                                               | 2020/5/6                                   | 2019/5/23         | 2047/10/30  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited                                                                        | Headquarters                                    | Linshuang Expressway Company | 107,150,000                                                              | 2020/5/6                                   | 2019/9/5          | 2047/10/30  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited                                                                        | Headquarters                                    | Linshuang Expressway Company | 171,440,000                                                              | 2020/5/6                                   | 2019/11/7         | 2047/10/30  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited                                                                        | Headquarters                                    | Linshuang Expressway Company | 128,580,000                                                              | 2020/5/6                                   | 2020/1/7          | 2047/10/30  | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited                                                                        | Headquarters                                    | Linshuang Expressway Company | 42,860,000                                                               | 2020/10/12                                 | 2020/11/4         | 2043/11/3   | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited                                                                        | Headquarters                                    | Linshuang Expressway Company | 21,430,000                                                               | 2021/3/16                                  | 2021/3/16         | 2044/3/15   | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited                                                                        | Headquarters                                    | Linshuang Expressway Company | 4,286,000                                                                | 2021/4/25                                  | 2021/4/25         | 2046/4/25   | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| China Aluminum International Engineering Corporation Limited                                                                        | Headquarters                                    | Linshuang Expressway Company | 38,574,000                                                               | 2021/6/17                                  | 2021/6/17         | 2046/4/25   | General guarantee |           |                     | No                         | No             | 0              | Nil                            | No                   |
| Cumulative amount of guarantees provided during the reporting period (excluding those for subsidiaries)                             |                                                 |                              |                                                                          |                                            |                   |             |                   |           |                     |                            |                |                |                                | 1,195,223,000        |
| Total balance of guarantees at end of the reporting period (A) (excluding those for subsidiaries)                                   |                                                 |                              |                                                                          |                                            |                   |             |                   |           |                     |                            |                |                |                                | 3,995,575,000        |
| Guarantees provided by the Company to subsidiaries                                                                                  |                                                 |                              |                                                                          |                                            |                   |             |                   |           |                     |                            |                |                |                                |                      |
| Cumulative amount of guarantees provided for subsidiaries during the reporting period                                               |                                                 |                              |                                                                          |                                            |                   |             |                   |           |                     |                            |                |                |                                | 473,000,000          |
| Total balance of guarantees provided for subsidiaries at end of the reporting period (B)                                            |                                                 |                              |                                                                          |                                            |                   |             |                   |           |                     |                            |                |                |                                | 5,833,000,000        |
| Total amount of guarantees provided by the Company (including those provided for subsidiaries)                                      |                                                 |                              |                                                                          |                                            |                   |             |                   |           |                     |                            |                |                |                                |                      |
| Total amount of guarantees (A+B)                                                                                                    |                                                 |                              |                                                                          |                                            |                   |             |                   |           |                     |                            |                |                |                                | 9,828,575,000        |
| Ratio of total amount of guarantees to net assets of the Company (%)                                                                |                                                 |                              |                                                                          |                                            |                   |             |                   |           |                     |                            |                |                |                                | 112.82%              |
| Including:                                                                                                                          |                                                 |                              |                                                                          |                                            |                   |             |                   |           |                     |                            |                |                |                                |                      |
| Amount of guarantees provided for shareholders, effective controller and their related parties (C)                                  |                                                 |                              |                                                                          |                                            |                   |             |                   |           |                     |                            |                |                |                                | 0                    |
| Amount of guarantees provided directly or indirectly to secure debts of the guaranteed with a assets-liabilities ratio over 70% (D) |                                                 |                              |                                                                          |                                            |                   |             |                   |           |                     |                            |                |                |                                | 2,993,000,000.00     |
| Total amount of guarantees in excess of 50% of net assets (E)                                                                       |                                                 |                              |                                                                          |                                            |                   |             |                   |           |                     |                            |                |                |                                | 5,327,473,635.5      |
| Total of the above three types of guarantees (C+D+E)                                                                                |                                                 |                              |                                                                          |                                            |                   |             |                   |           |                     |                            |                |                |                                | 8,320,473,635.5      |
| Explanation on the potential joint liability arising from the immature guarantees                                                   |                                                 |                              |                                                                          |                                            |                   |             |                   |           |                     |                            |                |                |                                |                      |
| Explanation on the guarantees                                                                                                       |                                                 |                              |                                                                          |                                            |                   |             |                   |           |                     |                            |                |                |                                |                      |

The amount of external guarantee is the actual amount of the bank loan

## 3. Other material contracts

☐ Applicable      ☒ Not applicable

## XII. EXPLANATIONS OF OTHER MATERIAL MATTERS

☐ Applicable      ☒ Not applicable

## SECTION 7 CHANGES IN SHARES AND SHAREHOLDERS

### I. EQUITY INTERESTS

As at 30 June 2021, the total share capital of the Company was RMB2,959,066,667, divided into 2,959,066,667 Shares of RMB1.00 each (including 399,476,000 H Shares and 2,559,590,667 A Shares).

### II. CHANGES IN SHARE CAPITAL

#### (I) Changes in share capital

##### 1. Table of changes in shares

There was no change in the total number of shares and the structure of share capital of the Company during the reporting period.

##### 2. Explanation of changes in shares

☐Applicable     ☒Not applicable

##### 3. Effect of changes in shares on financial indicators such as earnings per share and net assets per share within the period from the end of the Reporting Period to the disclosure date of the interim report (if any)

☐Applicable     ☒Not applicable

##### 4. Other information disclosure which the Company deems necessary or is required by the securities regulatory authority

☐Applicable     ☒Not applicable

#### (II) Particulars of changes of restricted shares

☐Applicable     ☒Not applicable



## SECTION 7 CHANGES IN SHARES AND SHAREHOLDERS

**III. PARTICULARS OF SHAREHOLDERS****(I) The issuance and listing of the shares**

The Company is a subsidiary of China Aluminum Group and listed on the Main Board of the Stock Exchange (Stock Code: 2068) on 6 July 2012 with an offering price of HK\$3.93 per H Share. The Company listed on the SSE (Stock Code: 601068) on 31 August 2018 with an offering price of RMB3.45 per A Share and 295,906,667 A Shares were issued. As at 30 June 2021, the total number of Shares in issuance of the Company is 2,959,066,667 shares, which is comprised of 399,476,000 H Shares, representing 13.5% of the issued share capital, and 2,559,590,667 A Shares, representing 86.5% of the issued share capital.

**(II) Total number of shareholders**

|                                                                                                          |        |
|----------------------------------------------------------------------------------------------------------|--------|
| Total Number of ordinary shareholders at end of reporting period                                         | 37,420 |
| Total Number of shareholders of preferred shares with voting right reinstated at end of reporting period | N/A    |

## SECTION 7 CHANGES IN SHARES AND SHAREHOLDERS

**(III) Table of Shareholding by top 10 shareholders and top 10 unrestricted shareholders as at end of the reporting period**

Unit: Share

| Shareholder name<br>(full name)                                                                  | Shareholding of top 10 shareholders |                                                           |                   |                                           | Pledged, marked or<br>frozen shares |        |                             |
|--------------------------------------------------------------------------------------------------|-------------------------------------|-----------------------------------------------------------|-------------------|-------------------------------------------|-------------------------------------|--------|-----------------------------|
|                                                                                                  | Changes<br>in reporting<br>period   | Number of<br>shares held<br>at end of<br>reporting period | Percentage<br>(%) | Number of<br>restricted<br>shares<br>held | Status<br>of shares                 | Number | Nature of<br>shareholder    |
| Aluminum Corporation of China Limited                                                            | 0                                   | 2,176,758,534                                             | 73.56             | 2,176,758,534                             | Nil                                 | 0      | State-owned<br>legal person |
| Hong Kong Securities Clearing Company<br>Nominees Limited                                        | 0                                   | 399,476,000                                               | 13.50             | 0                                         | Unknown                             | –      | Other                       |
| Luoyang Engineering & Research Institute for<br>Nonferrous Metals Processing                     | 0                                   | 86,925,466                                                | 2.94              | 86,925,466                                | Nil                                 | 0      | State-owned<br>legal person |
| HKSCC                                                                                            | –1,561,705                          | 9,597,385                                                 | 0.32              | 0                                         | Nil                                 | 0      | Other                       |
| YU Bin                                                                                           | 4,272,038                           | 4,272,038                                                 | 0.14              | 0                                         | Nil                                 | 0      | Domestic<br>natural person  |
| GU Jing                                                                                          | 3,700                               | 2,567,000                                                 | 0.09              | 0                                         | Nil                                 | 0      | Domestic<br>natural person  |
| MA Bo                                                                                            | 1,028,700                           | 2,532,200                                                 | 0.09              | 0                                         | Nil                                 | 0      | Domestic<br>natural person  |
| LUAN Meixia                                                                                      | –6,150,000                          | 2,400,000                                                 | 0.08              | 0                                         | Nil                                 | 0      | Domestic<br>natural person  |
| ZHAO Changyun                                                                                    | 2,100,000                           | 2,100,000                                                 | 0.07              | 0                                         | Nil                                 | 0      | Domestic<br>natural person  |
| Vanguard Investment Australia Ltd.<br>– Vanguard Emerging Markets<br>Stock Index Fund (Exchange) | 0                                   | 1,830,300                                                 | 0.06              | 0                                         | Nil                                 | 0      | Other                       |

## SECTION 7 CHANGES IN SHARES AND SHAREHOLDERS

| Shareholding of top 10 unrestricted shareholders                                                                        |                                          |                                |             |
|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------|--------------------------------|-------------|
| Shareholder name                                                                                                        | Number of<br>unrestricted<br>shares held | Class and number of shares     |             |
|                                                                                                                         |                                          | Class                          | Number      |
| Hong Kong Securities Clearing Company Nominees Limited                                                                  | 399,476,000                              | Overseas listed foreign shares | 399,476,000 |
| Hong Kong Securities Clearing Company Limited                                                                           | 9,597,385                                | Renminbi ordinary shares       | 9,597,385   |
| YU Bin                                                                                                                  | 4,272,038                                | Renminbi ordinary shares       | 4,272,038   |
| GU Jing                                                                                                                 | 2,567,000                                | Renminbi ordinary shares       | 2,567,000   |
| MA Bo                                                                                                                   | 2,532,200                                | Renminbi ordinary shares       | 2,532,200   |
| LUAN Meixia                                                                                                             | 2,400,000                                | Renminbi ordinary shares       | 2,400,000   |
| ZHAO Changyun                                                                                                           | 2,100,000                                | Renminbi ordinary shares       | 2,100,000   |
| Vanguard Investment Australia Ltd. – Vanguard Emerging Markets Stock Index Fund (Exchange)                              | 1,830,300                                | Renminbi ordinary shares       | 1,830,300   |
| Agricultural Bank of China Limited – CSI 500 Exchange-traded and Open-ended Index Securities Investment Fund            | 1,830,069                                | Renminbi ordinary shares       | 1,830,069   |
| LIU Shao                                                                                                                | 1,679,000                                | Renminbi ordinary shares       | 1,679,000   |
| Description of special account for repurchase of the top ten shareholders                                               | Not applicable                           |                                |             |
| Explanations on the entrusting voting right, entrusted voting right and waive of voting right of the above shareholders | Not applicable                           |                                |             |

## SECTION 7 CHANGES IN SHARES AND SHAREHOLDERS

Explanation of related relationship or acting in concert in respect of the above shareholders

Note 1: The number of shares held by Chinalco did not include A shares of the Company indirectly held through its subsidiary Luoyang Institute and H shares of the Company indirectly held through its subsidiary Yunnan Aluminum International Company Limited (雲鋁國際有限公司). Chinalco and its subsidiaries held a total of 2,283,179,000 shares of the Company, including 2,263,684,000 A shares and 19,495,000 H shares, accounting for 77.16% of the total share capital of the Company.

Note 2: The 19,495,000 H shares of the Company held by Aluminum Corporation of China Limited through its subsidiary Yunnan Aluminum International Company Limited (雲鋁國際有限公司) were held by Hong Kong Securities Clearing Company Nominees Limited on its behalf.

Note 3: The 399,476,000 H shares of the Company held by Hong Kong Securities Clearing Company Nominees Limited included the 19,495,000 H shares held by Aluminum Corporation of China Limited through its subsidiary Yunnan Aluminum International Company Limited (雲鋁國際有限公司).

Note 4: Except the above, the Company is not aware that the above shareholders have any related relationship or are acting in concert among each other.

Explanation of shareholders of preferred shares with reinstated voting rights and the number of shares held

Not applicable

## SECTION 7 CHANGES IN SHARES AND SHAREHOLDERS

**Number of shares held by top ten restricted shareholders and restriction conditions**✓Applicable    ☐Not applicable

Unit: Share

| No. | Restricted shareholder name                                               | Number of restricted shares held | Restricted shares admitted for trading |                                                  | Restriction conditions                                                                            |
|-----|---------------------------------------------------------------------------|----------------------------------|----------------------------------------|--------------------------------------------------|---------------------------------------------------------------------------------------------------|
|     |                                                                           |                                  | Admitted listing date                  | Number of additional shares admitted for listing |                                                                                                   |
| 1   | Aluminum Corporation of China Limited                                     | 2,176,758,534                    | 31 August 2021                         | 0                                                | Three years from the date of A share listing, and two years from expiration of the lock-up period |
| 2   | Luoyang Engineering & Research Institute for Nonferrous Metals Processing | 86,925,466                       | 31 August 2021                         | 0                                                | Three years from the date of A share listing, and two years from expiration of the lock-up period |

Explanation of related relationship or acting in concert in respect of the above shareholders

The number of shares held by Chinalco did not include A shares of the Company indirectly held through its subsidiary Luoyang Institute and H shares indirectly held through its subsidiary Yunnan Aluminum International Company Limited (雲鋁國際有限公司). Chinalco and its subsidiaries held a total of 2,283,179,000 shares of the Company, including 2,263,684,000 A shares and 19,495,000 H shares, accounting for 77.16% of the total share capital of the Company.

**(IV) Strategic investors or general legal persons who become top 10 shareholders due to rights issue**☐Applicable    ✓Not applicable**(V) Interests and short positions of substantial shareholders in shares and underlying shares**

As at 30 June 2021, so far as known to the directors of the Company, the following persons (other than the directors, supervisors or chief executives of the Company) had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept pursuant to Section 336 of the SFO, or who were directly and/or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

## SECTION 7 CHANGES IN SHARES AND SHAREHOLDERS

| Name of Shareholder                               | Class of Shares | Capacity/Nature of interest                              | Number of Shares Held (Share)    | Approximate percentage of shareholding in relevant class of Shares (%) (Note 1) | Approximate percentage of shareholding in total share capital (%) (Note 1) |
|---------------------------------------------------|-----------------|----------------------------------------------------------|----------------------------------|---------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| Chinalco (Note 2)                                 | A share         | Beneficiary owner/<br>Interest of controlled corporation | 2,263,684,000<br>(Long position) | 88.44                                                                           | 76.50                                                                      |
| The Seventh Metallurgical Construction Corp. Ltd. | H share         | Beneficiary owner                                        | 69,096,000<br>(Long position)    | 17.30                                                                           | 2.34                                                                       |
| CNMC Trade Company Limited                        | H share         | Beneficiary owner                                        | 59,225,000<br>(Long position)    | 14.83                                                                           | 2.00                                                                       |
| Peaktrade Investments Ltd.                        | H share         | Beneficiary owner                                        | 59,210,000<br>(Long position)    | 14.82                                                                           | 2.00                                                                       |
| China XD Group                                    | H share         | Beneficiary owner                                        | 29,612,000<br>(Long position)    | 7.41                                                                            | 1.00                                                                       |
| Yunnan Tin (Hong Kong) Yuan Xing Company Limited  | H share         | Beneficiary owner                                        | 29,612,000<br>(Long position)    | 7.41                                                                            | 1.00                                                                       |
| Leading Gain Investments Limited (Note 3)         | H share         | Nominee of another person (other than passive trustee)   | 29,611,000<br>(Long position)    | 7.41                                                                            | 1.00                                                                       |

Note 1. The percentage is calculated by dividing number of relevant class of Shares in issue of the Company as at 30 June 2021 by total number of Shares.

Note 2. Chinalco is beneficially interested in 2,263,684,000 A Shares, representing approximately 76.50% of the total share capital of the Company. Luoyang Institute is a wholly-owned subsidiary of Chinalco and is interested in 86,925,466 A Shares, representing approximately 2.94% of the total share capital of the Company. Chinalco is therefore also deemed to be interested in the A Shares held by Luoyang Institute under the SFO.

Note 3. Leading Gain Investments Limited is the nominee holder of Beijing Jundao Technology Development Co., Ltd.

## SECTION 7 CHANGES IN SHARES AND SHAREHOLDERS

**IV. PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT****(I) Particulars of changes in shareholding of existing and resigned directors, supervisors and senior management during the reporting period**

☐Applicable      ☒Not applicable

**Descriptions of other information**

☐Applicable      ☒Not applicable

**(II) Share incentives granted to directors, supervisors and senior management during the reporting period**

☐Applicable      ☒Not applicable

**(III) Changes in the biography of Directors, supervisors and senior management during the reporting period**

During the reporting period, Mr. GUI Weihua, an independent non-executive Director of the Company, has served as a member of the third session of the Audit Committee of the Company, since March 2021 and has ceased to be a director of Changsha Wuhua Technology Development Co., Ltd. since June 2021. Mr. FU Jun, an independent non-executive Director of the Company, has served as an arbitrator at Xiamen Arbitration Commission since March 2021 and has ceased to be an arbitrator at Guangzhou Arbitration Commission since May 2021. Mr. BI Xiaoge, the vice president of the Company, has ceased to be an executive director and the legal representative of China Aluminum International Yunnan Aluminum Application Engineering Co., Ltd. (formerly known as Beijing Zichen Investment & Development Co., Ltd.) since April 2021 and was elected as a director of CNPT in June 2021 and has concurrently served as its vice chairman since then. The biography of other Directors, supervisors and senior management of the Company remained unchanged.

## SECTION 7 CHANGES IN SHARES AND SHAREHOLDERS

**(IV) Employees and remuneration policy**

As of 30 June 2021, the Company had a total of 14,147 registered employees, including 12,884 employees in service, among which male employees accounted for 9,914 and female employees accounted for 2,970, 77% and 23% respectively. Moreover, the Company has off-post reserved labor force of 1,263.

The following table shows a breakdown of the employees in service by business segment as of 30 June 2021:

|                                    | <b>Number of<br/>employees in service</b> | <b>Percentage<br/>in the total number</b> |
|------------------------------------|-------------------------------------------|-------------------------------------------|
| Operation and management personnel | 4,472                                     | 35%                                       |
| Engineering technicians            | 6,357                                     | 49%                                       |
| Production and operation personnel | 1,743                                     | 14%                                       |
| Service and other personnel        | 312                                       | 2%                                        |
| <b>Total</b>                       | <b>12,884</b>                             | <b>100%</b>                               |

The following table shows a breakdown of the employees in service by level of education as of 30 June 2021:

|                                                     | <b>Number of<br/>employees in service</b> | <b>Percentage<br/>in the total number</b> |
|-----------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Postgraduate degree and above                       | 1,323                                     | 10%                                       |
| Undergraduate degree                                | 6,780                                     | 53%                                       |
| Diploma degree                                      | 2,417                                     | 19%                                       |
| TAFE (Technical And Further Education)<br>and below | 2,364                                     | 18%                                       |
| <b>Total</b>                                        | <b>12,884</b>                             | <b>100%</b>                               |

In accordance with regulations applicable to enterprises and the relevant requirements of all levels of local governments in areas in which the Company operates, the Company established the pension insurance, medical insurance, unemployment insurance, maternity insurance and workers' injury compensation insurance for employees. In addition, the Company and some of its subsidiaries also set up a corporate annuity system for providing retired employees with further protection. In accordance with applicable laws and regulations, the aforesaid social insurance premiums are contributed as strictly required by the state, provincial, autonomous region and municipal requirements. The Company also established an employee housing fund in accordance with applicable regulations.



## SECTION 7 CHANGES IN SHARES AND SHAREHOLDERS

For the first half of 2021, the Company's employee expenses amounted to RMB707.46 million. The Company does not have employee's share option scheme currently.

Pursuant to the Labor Contract Law, the Company signs written employment contracts with employees, which stipulate terms on the probation period and violation penalties, dissolution of labor contracts, payment of remuneration and economical compensation as well as social insurance premium. The Company has taken a variety of measures to improve employment relationship management and fulfill its statutory obligations in a practical manner. The Company provides training for employees according to corporate business development strategies, operation objectives and job responsibilities and keeps exploring innovative training models.

The Company has established a labor union to protect employees' rights and encouraged employees to participate in the management of the Company. The Company has not experienced any strikes or other labor disputes which have interfered with its management and operations during the reporting period.

The Company endeavors to provide training for its staff. The scope of its induction and ongoing training programs covers management skills and techniques training, overseas exchange programs and other courses. Through continuing payment of education allowance, the Company also encourages its staff to engage in programs to obtain higher academic diplomas and employment qualifications.

### (V) Other Descriptions

☒ Applicable      ☐ Not applicable

#### Interests held by Directors, supervisors and chief executives

As of 30 June 2021, none of the directors, supervisors and chief executives of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to us and the Stock Exchange.

## V. CHANGES IN CONTROLLING SHAREHOLDER AND EFFECTIVE CONTROLLER

☐ Applicable      ☒ Not applicable

## SECTION 8 PARTICULARS OF PREFERRED STOCK

☐ Applicable    ☒ Not applicable

## SECTION 9 INFORMATION ON BONDS

### I. ENTERPRISE BONDS, CORPORATE BONDS AND NON-FINANCIAL ENTERPRISE DEBT FINANCING INSTRUMENTS

☒ Applicable    ☐ Not applicable

#### (I) Enterprise bonds

☐ Applicable    ☒ Not applicable

#### (II) Corporate bonds

☒ Applicable    ☐ Not applicable

##### 1. Basic information on corporate bonds

Unit: Yuan    Currency: RMB

| Bond name                      | Abbreviation     | Code   | Date of issuance | Value date  | Maturing date | Outstanding balance | Interest rate (%) | Repayment terms                                                                                 | Trading place | Investor suitability arrangement (if any) | Trading mechanism   | Whether there is a risk of delisting |
|--------------------------------|------------------|--------|------------------|-------------|---------------|---------------------|-------------------|-------------------------------------------------------------------------------------------------|---------------|-------------------------------------------|---------------------|--------------------------------------|
| 2019 Renewable Corporate Bonds | 19 Zhong Gong Y1 | 155867 | 30 Oct 2019      | 30 Oct 2019 | 3 (year) +N   | 1,500,000,000       | 5.29              | Interest paid once year if the issuer does not exercise the option of deferred interest payment | SSE           |                                           | On a stock exchange | No                                   |

##### Measures adopted by the Company in response to the risks of delisting of bonds

☐ Applicable    ☒ Not applicable

##### Overdue and outstanding bonds

☐ Applicable    ☒ Not applicable

##### Explanation on the indebtedness that has fallen due

☐ Applicable    ☒ Not applicable

## SECTION 9 INFORMATION ON BONDS

**2. Triggering and execution of issuer's or investor's option clause or investor protection clause**

☐Applicable     ☒Not applicable

**3. Adjustment of credit rating results**

☒Applicable   ☐Not applicable

In May 2021, China Lianhe Credit Rating Co., Ltd. conducted a follow-up analysis and assessment of the Company's rating, and confirmed to maintain the Company's long-term issuer rating at AA+ and adjusted its rating outlook to negative; the credit rating of "19 Zhong Gong Y1" bond remained at AAA, with a stable credit rating.

**4. The implementation of and changes in guarantees, the debt repayment scheme and other repayment guarantee measures during the reporting period and their impact**

☐Applicable     ☒Not applicable

**5. Other information on corporate bonds**

☐Applicable     ☒Not applicable

**(III) Non-financial enterprise debt financing instruments in the inter-bank bond market**

☐Applicable     ☒Not applicable

**(IV) The Company's loss in the consolidated financial statements during the reporting period exceeding 10% of the net assets at the end of the previous year**

☐Applicable     ☒Not applicable

## SECTION 9 INFORMATION ON BONDS

**(V) Key accounting figures and financial indicators**✓Applicable    ☐Not applicable

Unit: Yuan    Currency: RMB

| Key indicators                                  | As at the end<br>of this reporting<br>period                | As at the end<br>of the previous<br>year       | Changes for<br>this reporting<br>period as<br>compared with<br>the end of<br>the previous<br>year (%)                           | Reason for<br>changes |
|-------------------------------------------------|-------------------------------------------------------------|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|-----------------------|
|                                                 |                                                             |                                                |                                                                                                                                 |                       |
| Current ratio                                   | 1.33                                                        | 1.29                                           | 2.91                                                                                                                            |                       |
| Quick ratio                                     | 1.21                                                        | 1.17                                           | 3.49                                                                                                                            |                       |
| asset-to-liability ratio (%)                    | 68.17%                                                      | 71.32%                                         | -3.15                                                                                                                           |                       |
|                                                 | During the<br>reporting period<br>(From January<br>to June) | The<br>corresponding<br>period of<br>last year | Increase or<br>decrease in<br>the Reporting<br>Period as<br>compared<br>with the<br>corresponding<br>period of last<br>year (%) | Reason for<br>changes |
|                                                 |                                                             |                                                |                                                                                                                                 |                       |
| Net profit net of non-recurring gain<br>or loss | -17,004,599.61                                              | -200,566,854.27                                | 91.52                                                                                                                           |                       |
| Debt to EBITDA ratio                            | 0.03                                                        | 0.04                                           | -18.03                                                                                                                          |                       |
| Interest coverage ratio                         | 1.30                                                        | 0.88                                           | 46.82                                                                                                                           |                       |
| Cash interest coverage ratio                    | 21.72                                                       | 12.17                                          | 78.49                                                                                                                           |                       |
| EBITDA to interest ratio                        | 1.80                                                        | 1.11                                           | 61.43                                                                                                                           |                       |
| Loan repayment rate (%)                         | 100.00                                                      | 100.00                                         | -                                                                                                                               |                       |
| Interest payment rate (%)                       | 100.00                                                      | 100.00                                         | -                                                                                                                               |                       |

**II. PARTICULARS OF CONVERTIBLE BONDS**☐Applicable    ✓Not applicable

## SECTION 10 FINANCIAL REPORT



大信會計師事務所  
北京市海澱區知春路1號  
學院國際大廈15層  
郵編100083

WUYIGE Certified Public Accountants. LLP  
15/F, Xueyuan International Tower  
No.1 Zhichun Road, Haidian Dist.  
Beijing, China, 100083

電話Telephone : +86 (10) 82330558  
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網址Internet : www.daxincpa.com.cn

### Auditor's Report

DA XIN YUE ZI [2021] No. 1-00024

#### To the Shareholders of China Aluminum International Engineering Corporation Limited,

We have reviewed the accompanying financial statements of China Aluminum International Engineering Corporation Limited (hereinafter referred to as the "Company"), which comprise the consolidated and parent company's statements of financial position as at 30 June 2021, the consolidated and parent company's statements of comprehensive income, the consolidated and parent company's statements of cash flows from January to June 2021 and the consolidated and parent company's statements of changes in shareholders' equity from January to June 2021, and notes to the financial statements. The preparation of such financial statements is the responsibility of the management of the Company, and our responsibility is to issue a review report regarding such financial statements based on our review.

We conducted our review in accordance with Chinese Institute of Certified Public Accountants Review Standards No.2101-Review of Financial Statement. This standard requires that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. Review primarily consists of making inquiries of relevant employees within the Company and applying analytical procedures. A review is substantially less in scope than an audit conducted. We did not conduct audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements are not prepared in accordance with the Accounting Standards for Business Enterprises, which cannot present fairly, in all material respects, the consolidated and the Company's financial position as at 30 June 2021, operating results and cash flows from January to June 2021.

**WUYIGE Certified Public Accountants LLP.**

Beijing, China

China Certified Public Accountant: SHI Chenqi

China Certified Public Accountant: LIU Mingzhe

23 August 2021

## SECTION 10 FINANCIAL REPORT

**CONSOLIDATED BALANCE SHEET**

As at 30 June 2021

Unit: RMB

| Item                                  | Note | 30 June 2021             | 1 January 2021           |
|---------------------------------------|------|--------------------------|--------------------------|
| <b>Current assets</b>                 |      |                          |                          |
| Monetary fund                         | 5.1  | 5,857,533,887.35         | 7,281,251,123.33         |
| Held-for-trading financial assets     |      |                          |                          |
| Derivative financial assets           |      |                          |                          |
| Notes receivable                      | 5.2  | 10,814,411.68            | 8,005,940.92             |
| Accounts receivable                   | 5.3  | 14,492,910,661.07        | 16,311,690,918.31        |
| Factoring of receivables              | 5.4  | 466,408,611.94           | 571,448,716.65           |
| Prepayments                           | 5.5  | 391,533,298.07           | 253,891,239.95           |
| Other receivables                     | 5.6  | 2,207,885,201.72         | 2,143,406,643.36         |
| of which: Interest receivable         | 5.6  | 23,541.72                | 605,340.88               |
| Dividends receivable                  |      |                          |                          |
| Inventories                           | 5.7  | 3,334,559,406.59         | 3,381,147,951.43         |
| Contract assets                       | 5.8  | 8,617,069,392.63         | 7,280,336,107.50         |
| Held-for-sale assets                  |      |                          |                          |
| Non-current asset due within one year | 5.9  | 666,116,514.93           | 727,292,975.94           |
| Other current assets                  | 5.10 | 640,867,144.75           | 612,751,354.17           |
| <b>Total current assets</b>           |      | <b>36,685,698,530.73</b> | <b>38,571,222,971.56</b> |
| <b>Non-current assets:</b>            |      |                          |                          |
| Debt investments                      |      |                          |                          |
| Other debt investments                |      |                          |                          |
| Long-term receivables                 | 5.11 | 1,688,973,765.71         | 1,723,182,526.08         |
| Long-term equity investments          | 5.12 | 847,930,864.48           | 841,309,919.27           |
| Other equity instrument investments   | 5.13 | 40,597,645.97            | 41,563,578.70            |
| Other non-current financial assets    | 5.14 | 18,900,000.00            | 18,900,000.00            |
| Investment properties                 | 5.15 | 492,454,367.28           | 502,746,006.61           |
| Fixed assets                          | 5.16 | 2,256,841,158.04         | 2,328,805,686.59         |
| Construction in progress              | 5.17 | 357,216,037.90           | 324,078,307.65           |
| Bearer biological assets              |      |                          |                          |
| Oil & gas assets                      |      |                          |                          |
| Rights-of-use assets                  | 5.18 | 9,505,816.93             | 12,500,713.75            |
| Intangible assets                     | 5.19 | 1,205,082,187.31         | 1,180,268,403.73         |
| Development costs                     | 5.20 | 2,234,924.21             | 2,013,685.27             |
| Goodwill                              |      |                          |                          |
| Long-term unamortized expenses        | 5.21 | 54,353,542.74            | 49,581,803.38            |
| Deferred income tax assets            | 5.22 | 924,850,721.52           | 907,077,367.85           |
| Other non-current assets              | 5.23 | 10,744,012,764.03        | 8,010,773,376.11         |
| <b>Total non-current assets</b>       |      | <b>18,642,953,796.12</b> | <b>15,942,801,374.99</b> |
| <b>Total assets</b>                   |      | <b>55,328,652,326.85</b> | <b>54,514,024,346.55</b> |

## SECTION 10 FINANCIAL REPORT

| Item                                        | Note | 30 June 2021             | 1 January 2021           |
|---------------------------------------------|------|--------------------------|--------------------------|
| <b>Current liabilities:</b>                 |      |                          |                          |
| Short-term borrowings                       | 5.24 | 5,678,298,014.24         | 6,077,945,577.91         |
| Held-for-trading financial liabilities      |      |                          |                          |
| Derivative financial liabilities            | 5.25 | 19,125,714.29            | 19,100,700.00            |
| Notes payable                               | 5.26 | 1,830,161,380.39         | 1,746,596,180.34         |
| Accounts payable                            | 5.27 | 12,777,702,284.52        | 13,764,437,425.31        |
| Advances from customers                     | 5.28 | 840,275.06               |                          |
| Contract liabilities                        | 5.29 | 2,772,036,416.38         | 2,661,209,779.65         |
| Employee benefits payable                   | 5.30 | 187,639,342.19           | 193,443,242.45           |
| Taxes payable                               | 5.31 | 154,162,234.65           | 242,721,799.68           |
| Other payables                              | 5.32 | 2,497,467,630.53         | 2,229,483,821.61         |
| of which: Interest payable                  |      |                          |                          |
| Dividends payable                           |      |                          |                          |
| Held-for-sale liabilities                   |      |                          |                          |
| Non-current liabilities due within one year | 5.33 | 250,664,094.60           | 477,050,790.01           |
| Other current liabilities                   | 5.34 | 1,493,165,947.42         | 2,517,483,960.57         |
| <b>Total current liabilities</b>            |      | <b>27,661,263,334.27</b> | <b>29,929,473,277.53</b> |
| <b>Non-current liabilities:</b>             |      |                          |                          |
| Long-term borrowings                        | 5.35 | 9,352,672,439.96         | 8,228,705,995.96         |
| Debentures payable                          |      |                          |                          |
| of which: Preferred stock                   |      |                          |                          |
| Perpetual bonds                             |      |                          |                          |
| Lease liabilities                           | 5.36 | 3,632,614.92             | 4,525,650.30             |
| Long-term payables                          | 5.37 | 2,598,720.17             | 2,602,600.17             |
| Long-term employee benefits payable         | 5.38 | 538,182,000.00           | 551,884,000.00           |
| Estimated liabilities                       |      |                          |                          |
| Deferred income                             | 5.39 | 85,083,932.31            | 85,234,504.39            |
| Deferred income tax liabilities             | 5.22 | 73,940,112.76            | 74,685,634.94            |
| Other non-current liabilities               |      |                          |                          |
| <b>Total non-current liabilities</b>        |      | <b>10,056,109,820.12</b> | <b>8,947,638,385.76</b>  |
| <b>Total liabilities</b>                    |      | <b>37,717,373,154.39</b> | <b>38,877,111,663.29</b> |



## SECTION 10 FINANCIAL REPORT

| Item                                                         | Note | 30 June 2021             | 1 January 2021    |
|--------------------------------------------------------------|------|--------------------------|-------------------|
| <b>Shareholders' equity:</b>                                 |      |                          |                   |
| Share capital                                                | 5.40 | <b>2,959,066,667.00</b>  | 2,959,066,667.00  |
| Other equity instruments                                     | 5.41 | <b>2,498,584,905.65</b>  | 2,498,584,905.65  |
| of which: Preferred stock                                    |      |                          |                   |
| Perpetual bonds                                              |      | <b>2,498,584,905.65</b>  | 2,498,584,905.65  |
| Capital reserve                                              | 5.42 | <b>875,849,864.60</b>    | 875,499,924.64    |
| Less: treasury stock                                         |      |                          |                   |
| Other comprehensive income                                   | 5.43 | <b>130,452,791.76</b>    | 150,437,505.60    |
| Special reserve                                              | 5.44 | <b>170,231,914.13</b>    | 147,328,847.45    |
| Surplus reserve                                              | 5.45 | <b>222,751,992.52</b>    | 222,751,992.52    |
| Undistributed profit                                         | 5.46 | <b>1,854,964,704.49</b>  | 1,879,404,403.40  |
| <b>Total shareholders' equity attributable to the parent</b> |      | <b>8,711,902,840.15</b>  | 8,733,074,246.26  |
| Minority shareholders' interests                             |      | <b>8,899,376,332.31</b>  | 6,903,838,437.00  |
| <b>Total shareholders' equity</b>                            |      | <b>17,611,279,172.46</b> | 15,636,912,683.26 |
| <b>Total liabilities and shareholders' equity</b>            |      | <b>55,328,652,326.85</b> | 54,514,024,346.55 |

Legal representative:  
WU Jianqiang

Accounting principal:  
ZHANG Jian

Accounting function's principal:  
ZHANG Xiuyin

## SECTION 10 FINANCIAL REPORT

**BALANCE SHEET OF THE PARENT**

As at 30 June 2021

Unit: RMB

| Item                                  | Note | 30 June 2021             | 1 January 2021    |
|---------------------------------------|------|--------------------------|-------------------|
| <b>Current assets:</b>                |      |                          |                   |
| Monetary fund                         |      | <b>1,248,835,314.98</b>  | 1,493,608,825.32  |
| Held-for-trading financial assets     |      |                          |                   |
| Derivative financial assets           |      |                          |                   |
| Notes receivable                      |      |                          |                   |
| Accounts receivable                   | 15.1 | <b>1,592,258,191.52</b>  | 1,774,878,637.52  |
| Factoring of receivables              |      | <b>49,058,462.72</b>     | 82,126,693.67     |
| Prepayments                           |      | <b>116,376,129.85</b>    | 96,272,358.19     |
| Other receivables                     | 15.2 | <b>5,767,253,589.04</b>  | 5,510,991,880.92  |
| of which: Interest receivable         |      | <b>329,970,130.52</b>    | 321,458,394.38    |
| Dividends receivable                  |      | <b>641,263,876.54</b>    | 479,788,298.10    |
| Inventories                           |      | <b>14,369,445.75</b>     | 13,160,104.02     |
| Contract assets                       |      | <b>640,298,505.67</b>    | 535,374,580.60    |
| Held-for-sale assets                  |      |                          |                   |
| Non-current asset due within one year |      | <b>1,362,698,049.21</b>  | 1,313,634,179.17  |
| Other current assets                  |      | <b>96,448,752.61</b>     | 83,637,100.16     |
| <b>Total current assets</b>           |      | <b>10,887,596,441.35</b> | 10,903,684,359.57 |
| <b>Non-current assets:</b>            |      |                          |                   |
| Debt investments                      |      |                          |                   |
| Other debt investments                |      |                          |                   |
| Long-term receivables                 |      | <b>762,138,360.95</b>    | 1,030,097,460.95  |
| Long-term equity investments          | 15.3 | <b>7,203,453,645.69</b>  | 7,044,264,978.81  |
| Other equity instrument investments   |      | <b>18,180,000.00</b>     | 18,180,000.00     |
| Other non-current financial assets    |      | <b>18,900,000.00</b>     | 18,900,000.00     |
| Investment properties                 |      |                          |                   |
| Fixed assets                          |      | <b>73,702,358.91</b>     | 75,900,227.40     |
| Construction in progress              |      |                          |                   |
| Bearer biological assets              |      |                          |                   |
| Oil & gas assets                      |      |                          |                   |
| Rights-of-use assets                  |      |                          |                   |
| Intangible assets                     |      | <b>137,822,210.04</b>    | 140,885,846.97    |
| Development costs                     |      |                          |                   |
| Long-term unamortized expenses        |      |                          |                   |
| Deferred income tax assets            |      | <b>145,649,717.90</b>    | 119,098,058.06    |
| Other non-current assets              |      |                          |                   |
| <b>Total non-current assets</b>       |      | <b>8,359,846,293.49</b>  | 8,447,326,572.19  |
| <b>Total assets</b>                   |      | <b>19,247,442,734.84</b> | 19,351,010,931.76 |

## SECTION 10 FINANCIAL REPORT

| Item                                        | Note | 30 June 2021             | 1 January 2021           |
|---------------------------------------------|------|--------------------------|--------------------------|
| <b>Current liabilities:</b>                 |      |                          |                          |
| Short-term borrowings                       |      | 2,813,671,934.91         | 2,230,661,333.32         |
| Held-for-trading financial liabilities      |      |                          |                          |
| Derivative financial liabilities            |      | 19,125,714.29            | 15,040,000.00            |
| Notes payable                               |      | 232,265,184.08           | 337,754,949.24           |
| Accounts payable                            |      | 1,787,877,287.98         | 1,954,854,806.14         |
| Advances from customers                     |      |                          |                          |
| Contract liabilities                        |      | 1,096,713,648.43         | 1,107,330,375.75         |
| Employee benefits payable                   |      | 2,430,815.31             | 4,441,168.27             |
| Taxes payable                               |      | 6,120,624.62             | 5,785,053.19             |
| Other payables                              |      | 1,240,285,277.07         | 1,203,044,121.08         |
| of which: Interest payable                  |      |                          |                          |
| Dividends payable                           |      |                          |                          |
| Held-for-sale liabilities                   |      |                          |                          |
| Non-current liabilities due within one year |      | 1,514,242.78             | 205,481,338.86           |
| Other current liabilities                   |      | 36,800,636.55            | 1,038,526,180.47         |
| <b>Total current liabilities</b>            |      | <b>7,236,805,366.02</b>  | <b>8,102,919,326.32</b>  |
| <b>Non-current liabilities:</b>             |      |                          |                          |
| Long-term borrowings                        |      | 4,941,362,300.00         | 4,294,600,000.00         |
| Debentures payable                          |      |                          |                          |
| of which: Preferred stock                   |      |                          |                          |
| Perpetual bonds                             |      |                          |                          |
| Lease liabilities                           |      |                          |                          |
| Long-term payables                          |      |                          |                          |
| Long-term employee benefits payable         |      | 3,658,000.00             | 3,624,000.00             |
| Estimated liabilities                       |      |                          |                          |
| Deferred income                             |      |                          |                          |
| Deferred income tax liabilities             |      |                          |                          |
| Other non-current liabilities               |      |                          |                          |
| <b>Total non-current liabilities</b>        |      | <b>4,945,020,300.00</b>  | <b>4,298,224,000.00</b>  |
| <b>Total liabilities</b>                    |      | <b>12,181,825,666.02</b> | <b>12,401,143,326.32</b> |

## SECTION 10 FINANCIAL REPORT

| Item                                              | Note | 30 June 2021             | 1 January 2021    |
|---------------------------------------------------|------|--------------------------|-------------------|
| <b>Shareholders' equity:</b>                      |      |                          |                   |
| Share capital                                     |      | <b>2,959,066,667.00</b>  | 2,959,066,667.00  |
| Other equity instruments                          |      | <b>2,498,584,905.65</b>  | 2,498,584,905.65  |
| of which: Preferred stock                         |      |                          |                   |
| Perpetual bonds                                   |      | <b>2,498,584,905.65</b>  | 2,498,584,905.65  |
| Capital reserve                                   |      | <b>1,190,696,521.57</b>  | 1,190,696,521.57  |
| Less: treasury stock                              |      |                          |                   |
| Other comprehensive income                        |      | <b>11,933,170.00</b>     | 12,016,470.00     |
| Special reserve                                   |      | <b>960,549.18</b>        | 871,931.94        |
| Surplus reserve                                   |      | <b>222,751,992.52</b>    | 222,751,992.52    |
| Undistributed profit                              |      | <b>181,623,262.90</b>    | 65,879,116.76     |
| <b>Total shareholders' equity</b>                 |      | <b>7,065,617,068.82</b>  | 6,949,867,605.44  |
| <b>Total liabilities and shareholders' equity</b> |      | <b>19,247,442,734.84</b> | 19,351,010,931.76 |

Legal representative:  
WU Jianqiang

Accounting principal:  
ZHANG Jian

Accounting function's principal:  
ZHANG Xiuyin

## SECTION 10 FINANCIAL REPORT

**CONSOLIDATED INCOME STATEMENT**

From January to June 2021

Unit: RMB

| Item                                                                                    | Note | From January<br>to June 2021 | From January<br>to June 2020 |
|-----------------------------------------------------------------------------------------|------|------------------------------|------------------------------|
| <b>I. Operating revenue</b>                                                             | 5.45 | <b>10,333,522,065.37</b>     | 9,946,610,462.50             |
| Less: operating cost                                                                    | 5.47 | <b>9,221,130,831.35</b>      | 9,017,006,662.60             |
| Taxes and surcharges                                                                    | 5.48 | <b>59,249,599.79</b>         | 46,223,717.19                |
| Sales expense                                                                           | 5.49 | <b>41,383,526.16</b>         | 43,997,237.87                |
| Administrative expense                                                                  | 5.50 | <b>491,839,518.53</b>        | 465,117,121.96               |
| R&D expense                                                                             | 5.51 | <b>181,913,417.82</b>        | 162,612,950.76               |
| Finance expense                                                                         | 5.52 | <b>265,868,717.25</b>        | 242,706,295.60               |
| of which: Interest expense                                                              |      | <b>269,718,058.48</b>        | 310,655,807.61               |
| Interest income                                                                         |      | <b>53,550,332.63</b>         | 98,842,810.55                |
| Add: other gains                                                                        | 5.53 | <b>30,894,985.61</b>         | 38,554,451.01                |
| Gain on investment ("–" for loss)                                                       | 5.54 | <b>–22,167,916.65</b>        | –23,173,017.33               |
| of which: Share of investment gain on associates and<br>joint ventures                  |      | <b>3,045,062.91</b>          | –2,972,919.15                |
| Gain on de-recognition of financial assets<br>measured at amortized cost ("–" for loss) |      | <b>–25,870,682.82</b>        | –21,011,252.42               |
| Gain on exposure netting ("–" for loss)                                                 |      |                              |                              |
| Gain on fair value change ("–" for loss)                                                | 5.55 | <b>–4,085,714.29</b>         |                              |
| Credit impairment loss ("–" for loss)                                                   | 5.56 | <b>15,109,366.50</b>         | –89,070,388.11               |
| Asset impairment loss ("–" for loss)                                                    | 5.57 | <b>–8,451,908.40</b>         |                              |
| Gains on disposal of assets ("–" for loss)                                              | 5.58 | <b>2,153,151.87</b>          | 10,018,573.55                |
| <b>II. Operating profit ("–" for loss)</b>                                              |      | <b>85,588,419.11</b>         | –94,723,904.36               |
| Add: non-operating income                                                               | 5.59 | <b>9,257,081.53</b>          | 38,872,680.64                |
| Less: non-operating expense                                                             | 5.60 | <b>15,009,093.09</b>         | 2,596,875.11                 |
| <b>III. Total profit ("–" for total loss)</b>                                           |      | <b>79,836,407.55</b>         | –58,448,098.83               |
| Less: income tax expense                                                                | 5.61 | <b>28,593,875.89</b>         | 24,610,867.04                |
| <b>IV. Net profit ("–" for net loss)</b>                                                |      | <b>51,242,531.66</b>         | –83,058,965.87               |
| (I) Classified on a going concern basis:                                                |      |                              |                              |
| 1. Net profit from continuing operations ("–" for net loss)                             |      | <b>51,242,531.66</b>         | –83,058,965.87               |
| 2. Net profit from discontinued operations ("–" for net loss)                           |      |                              |                              |
| (II) Classified according to the ownership:                                             |      |                              |                              |
| 1. Net profit attributable to shareholders of<br>the parent company ("–" for net loss)  |      | <b>3,365,857.05</b>          | –143,153,691.94              |
| 2. Profit and loss attributable to minority shareholders<br>("–" for net loss)          |      | <b>47,876,674.61</b>         | 60,094,726.07                |

## SECTION 10 FINANCIAL REPORT

| Item                                                                                             | Note | From January<br>to June 2021 | From January<br>to June 2020 |
|--------------------------------------------------------------------------------------------------|------|------------------------------|------------------------------|
| <b>V. Other comprehensive income, net of tax</b>                                                 |      | <b>-20,093,622.81</b>        | 23,791,556.97                |
| (I) Other comprehensive income attributable to owners of the parent, net of tax                  |      | <b>-19,984,713.84</b>        | 23,778,505.57                |
| 1. Items that may not be reclassified to profit or loss                                          |      | <b>-10,428,533.86</b>        | -3,205,216.47                |
| (1) Change on remeasurement of defined benefit plan                                              |      | <b>-9,607,491.03</b>         | -28,709.18                   |
| (2) Other comprehensive income under equity method that may not be transferred to profit or loss |      |                              |                              |
| (3) Change in fair value of other equity instrument investment                                   |      | <b>-821,042.83</b>           | -3,176,507.29                |
| (4) Fair value change arising from credit risk of the Company                                    |      |                              |                              |
| 2. Items that will be reclassified subsequently to profit or loss                                |      | <b>-9,556,179.98</b>         | 26,983,722.04                |
| (1) Other comprehensive income under equity method that may be transferred to profit or loss     |      |                              |                              |
| (2) Change in fair value of other debt investments                                               |      |                              |                              |
| (3) Amount of financial assets reclassified into other comprehensive income                      |      |                              |                              |
| (4) Credit impairment provision for other debt investments                                       |      |                              |                              |
| (5) Cash flow hedge reserve                                                                      |      |                              | 10,392,960.00                |
| (6) Exchange difference on translation of financial statements in foreign currency               |      | <b>-9,556,179.98</b>         | 16,590,762.04                |
| (7) Others                                                                                       |      |                              |                              |
| (II) Other comprehensive income attributable to minority shareholders, net of tax                |      | <b>-108,908.97</b>           | 13,051.40                    |
| <b>VI. Total comprehensive income</b>                                                            |      | <b>31,148,908.85</b>         | -59,267,408.90               |
| (I) Total comprehensive income attributable to owners of the parent                              |      | <b>-16,618,856.79</b>        | -119,375,186.37              |
| (II) Total comprehensive income attributable to minority shareholders                            |      | <b>47,767,765.64</b>         | 60,107,777.47                |
| <b>VII. Earnings per share</b>                                                                   |      |                              |                              |
| (I) Basic earnings per share                                                                     |      | <b>-0.01</b>                 | -0.07                        |
| (II) Diluted earnings per share                                                                  |      | <b>-</b>                     | -                            |

Legal representative:  
WU Jianqiang

Accounting principal:  
ZHANG Jian

Accounting function's principal:  
ZHANG Xiuyin

## SECTION 10 FINANCIAL REPORT

**INCOME STATEMENT OF THE PARENT**

From January to June 2021

Unit: RMB

| Item                                                                                    | Note | From January<br>to June 2021 | From January<br>to June 2020 |
|-----------------------------------------------------------------------------------------|------|------------------------------|------------------------------|
| <b>I. Operating revenue</b>                                                             | 15.4 | <b>255,132,284.97</b>        | 525,678,666.49               |
| Less: operating cost                                                                    | 15.4 | <b>265,498,920.83</b>        | 500,340,072.63               |
| Taxes and surcharges                                                                    |      | <b>1,922,880.14</b>          | 2,078,149.45                 |
| Sales expense                                                                           |      | <b>11,517,648.45</b>         | 14,753,045.33                |
| Administrative expense                                                                  |      | <b>76,025,274.42</b>         | 77,428,175.63                |
| R&D expense                                                                             |      | <b>4,667,001.49</b>          | 15,991,870.05                |
| Finance expense                                                                         |      | <b>41,710,857.53</b>         | 31,672,586.21                |
| of which: Interest expense                                                              |      | <b>147,768,340.00</b>        | 186,268,609.52               |
| Interest income                                                                         |      | <b>128,967,822.73</b>        | 157,128,158.63               |
| Add: other gains                                                                        |      | <b>2,345,910.82</b>          | 866,074.99                   |
| Gain on investment ("–" for loss)                                                       | 15.5 | <b>288,295,920.40</b>        | 122,338,531.77               |
| of which: Share of investment gain on associates and<br>joint ventures                  |      | <b>4,703,945.32</b>          | 3,759,073.41                 |
| Gain on de-recognition of financial assets<br>measured at amortized cost ("–" for loss) |      |                              |                              |
| Gain on exposure netting ("–" for loss)                                                 |      |                              |                              |
| Gain on fair value change ("–" for loss)                                                |      | <b>–4,085,714.29</b>         |                              |
| Credit impairment loss ("–" for loss)                                                   |      | <b>–20,920,500.20</b>        | –64,434,922.76               |
| Asset impairment loss ("–" for loss)                                                    |      | <b>–2,580,621.88</b>         |                              |
| Gains on disposal of assets ("–" for loss)                                              |      |                              |                              |
| <b>II. Operating profit ("–" for loss)</b>                                              |      | <b>116,844,696.96</b>        | –57,815,548.81               |
| Add: non-operating income                                                               |      | <b>19,692.16</b>             | 264,629.12                   |
| Less: non-operating expense                                                             |      | <b>3,911.59</b>              | 10,040.38                    |
| <b>III. Total profit ("–" for total loss)</b>                                           |      | <b>116,860,477.53</b>        | –57,560,960.07               |
| Less: income tax expense                                                                |      | <b>–26,689,224.57</b>        | –9,967,042.93                |
| <b>IV. Net profit ("–" for net loss)</b>                                                |      | <b>143,549,702.10</b>        | –47,593,917.14               |
| (I) Net profit from continuing operations ("–" for net loss)                            |      | <b>143,549,702.10</b>        | –47,593,917.14               |
| (II) Net profit from discontinued operations ("–" for net loss)                         |      |                              |                              |

## SECTION 10 FINANCIAL REPORT

| Item                                                                                            | Note | From January<br>to June 2021 | From January<br>to June 2020 |
|-------------------------------------------------------------------------------------------------|------|------------------------------|------------------------------|
| <b>V. Other comprehensive income, net of tax</b>                                                |      | <b>-83,300.00</b>            | 5,830,915.00                 |
| (I) Items that may not be reclassified to profit or loss                                        |      | <b>-83,300.00</b>            | -1,700.00                    |
| 1. Change on remeasurement of defined benefit plan                                              |      | <b>-83,300.00</b>            | -1,700.00                    |
| 2. Other comprehensive income under equity method that may not be transferred to profit or loss |      |                              |                              |
| 3. Change in fair value of other equity instrument investment                                   |      |                              |                              |
| 4. Fair value change arising from credit risk of the Company                                    |      |                              |                              |
| (II) Items that will be reclassified subsequently to profit or loss                             |      | -                            | 5,832,615.00                 |
| (1) Other comprehensive income under equity method that may be transferred to profit or loss    |      |                              |                              |
| (2) Change in fair value of other debt investments                                              |      |                              |                              |
| (3) Amount of financial assets reclassified into other comprehensive income                     |      |                              |                              |
| (4) Credit impairment provision for other debt investments                                      |      |                              |                              |
| (5) Cash flow hedge reserve                                                                     |      |                              | 5,832,615.00                 |
| (6) Exchange difference on translation of financial statements in foreign currency              |      |                              |                              |
| (7) Others                                                                                      |      |                              |                              |
| <b>VI. Total comprehensive income</b>                                                           |      | <b>143,466,402.10</b>        | -41,763,002.14               |
| <b>VII. Earnings per share</b>                                                                  |      |                              |                              |
| (I) Basic earnings per share                                                                    |      |                              |                              |
| (II) Diluted earnings per share                                                                 |      |                              |                              |

Legal representative:  
WU Jianqiang

Accounting principal:  
ZHANG Jian

Accounting function's principal:  
ZHANG Xiuyin



## SECTION 10 FINANCIAL REPORT

**CONSOLIDATED STATEMENT OF CASH FLOWS**

From January to June 2021

Unit: RMB

| Item                                                                                                     | Note | From January<br>to June 2021 | From January<br>to June 2020 |
|----------------------------------------------------------------------------------------------------------|------|------------------------------|------------------------------|
| <b>I. Cash flows from operating activities:</b>                                                          |      |                              |                              |
| Cash received from sales of goods or rendering of services                                               |      | <b>9,879,633,711.83</b>      | 10,720,584,781.08            |
| Tax rebate received                                                                                      |      | <b>9,543,687.25</b>          | 22,277,592.17                |
| Other cash received relating to operating activities                                                     | 5.62 | <b>314,419,816.75</b>        | 571,790,944.23               |
| <b>Subtotal of cash inflows from operating activities</b>                                                |      | <b>10,203,597,215.83</b>     | 11,314,653,317.48            |
| Cash paid for purchase of goods or receiving of services                                                 |      | <b>9,047,355,844.08</b>      | 11,198,030,493.92            |
| Cash paid to and for employees                                                                           |      | <b>1,091,791,986.85</b>      | 1,049,082,352.05             |
| Taxes paid                                                                                               |      | <b>442,986,218.81</b>        | 393,505,426.79               |
| Other cash paid relating to operating activities                                                         | 5.62 | <b>235,082,985.40</b>        | 240,975,932.13               |
| <b>Subtotal of cash outflows from operating activities</b>                                               |      | <b>10,817,217,035.14</b>     | 12,881,594,204.89            |
| <b>Net cash flows from operating activities</b>                                                          |      | <b>-613,619,819.31</b>       | -1,566,940,887.41            |
| <b>II. Cash flows from investing activities:</b>                                                         |      |                              |                              |
| Cash received from withdrawal of investments                                                             |      | <b>268,778,069.97</b>        | 115,333,933.92               |
| Cash received from investment gains                                                                      |      | <b>81,392,652.32</b>         | 29,864,553.49                |
| Net proceeds from disposal of fixed assets, intangible assets<br>and other long-term assets              |      | <b>25,521,952.46</b>         | 1,169,873.93                 |
| Net proceeds from disposal of a subsidiary and other business<br>unit                                    |      |                              |                              |
| Other cash received relating to investing activities                                                     | 5.62 |                              | 50,000,000.00                |
| <b>Subtotal of cash inflows from investing activities</b>                                                |      | <b>375,692,674.75</b>        | 196,368,361.34               |
| Cash paid for purchase and construction of fixed assets,<br>intangible assets and other long-term assets |      | <b>2,137,907,833.86</b>      | 1,596,147,833.82             |
| Payment for investments                                                                                  |      | <b>3,354,444.46</b>          | 137,626,014.73               |
| Net cash paid for acquisition of a subsidiary and<br>other business unit                                 |      |                              | 25,418.56                    |
| Other cash paid relating to investing activities                                                         | 5.62 |                              | 100,000,000.00               |
| <b>Subtotal of cash outflows from investing activities</b>                                               |      | <b>2,141,262,278.32</b>      | 1,833,799,267.11             |
| <b>Net cash flows from investing activities</b>                                                          |      | <b>-1,765,569,603.57</b>     | -1,637,430,905.77            |

## SECTION 10 FINANCIAL REPORT

| Item                                                                                   | Note | From January<br>to June 2021 | From January<br>to June 2020 |
|----------------------------------------------------------------------------------------|------|------------------------------|------------------------------|
| <b>III. Cash flows from financing activities:</b>                                      |      |                              |                              |
| Cash received from absorbing investments                                               |      | 2,002,180,000.00             | 2,300,000,000.00             |
| of which: Capital contributions received by subsidiaries from<br>minority shareholders |      | 2,002,180,000.00             | 2,300,000,000.00             |
| Cash received from borrowings                                                          |      | 8,550,826,366.22             | 12,656,835,977.77            |
| Other cash received relating to financing activities                                   |      |                              |                              |
| <b>Subtotal of cash inflows from financing activities</b>                              |      | <b>10,553,006,366.22</b>     | 14,956,835,977.77            |
| Cash paid on repayment of debts                                                        |      | 8,956,870,700.00             | 11,858,000,000.00            |
| Cash payments for distribution of dividends or<br>profit or repayment of interest      |      | 403,411,344.01               | 498,288,119.81               |
| of which: Dividends or profits paid by subsidiaries to<br>minority shareholders        |      | 56,406,000.00                |                              |
| Other cash paid relating to financing activities                                       | 5.62 | 5,615,074.95                 | 2,959,437,446.22             |
| <b>Subtotal of cash outflows from financing activities</b>                             |      | <b>9,365,897,118.96</b>      | 15,315,725,566.03            |
| <b>Net cash flows from financing activities</b>                                        |      | <b>1,187,109,247.26</b>      | -358,889,588.26              |
| <b>IV. Impact of exchange rate on cash and cash equivalents</b>                        |      | <b>-9,811,569.69</b>         | -33,737,566.46               |
| <b>V. Net increase in cash and cash equivalents</b>                                    |      | <b>-1,201,891,745.31</b>     | -3,596,998,947.90            |
| Add: Cash and cash equivalents at beginning of the period                              | 5.63 | 6,549,994,944.43             | 9,120,495,450.16             |
| <b>VI. Cash and cash equivalents at end of the period</b>                              |      | <b>5,348,103,199.12</b>      | 5,523,496,502.26             |

Legal representative:  
WU Jianqiang

Accounting principal:  
ZHANG Jian

Accounting function's principal:  
ZHANG Xiuyin

## SECTION 10 FINANCIAL REPORT

**STATEMENT OF CASH FLOWS OF THE PARENT**

From January to June 2021

Unit: RMB

| Item                                                                                                     | Note | From January<br>to June 2021 | From January<br>to June 2020 |
|----------------------------------------------------------------------------------------------------------|------|------------------------------|------------------------------|
| <b>I. Cash flows from operating activities:</b>                                                          |      |                              |                              |
| Cash received from sales of goods or rendering of services                                               |      | 825,748,297.71               | 989,085,001.19               |
| Tax rebate received                                                                                      |      |                              |                              |
| Other cash received relating to operating activities                                                     |      | 349,693,581.50               | 416,357,671.87               |
| <b>Subtotal of cash inflows from operating activities</b>                                                |      | <b>1,175,441,879.21</b>      | 1,405,442,673.06             |
| Cash paid for purchase of goods or receiving of services                                                 |      | 1,042,603,708.68             | 1,344,003,623.59             |
| Cash paid to and for employees                                                                           |      | 115,997,954.47               | 115,162,106.07               |
| Taxes paid                                                                                               |      | 6,316,403.60                 | 5,415,818.56                 |
| Other cash paid relating to operating activities                                                         |      | 283,467,483.85               | 28,366,111.48                |
| <b>Subtotal of cash outflows from operating activities</b>                                               |      | <b>1,448,385,550.60</b>      | 1,492,947,659.70             |
| <b>Net cash flows from operating activities</b>                                                          |      | <b>-272,943,671.39</b>       | -87,504,986.64               |
| <b>II. Cash flows from investing activities:</b>                                                         |      |                              |                              |
| Cash received from withdrawal of investments                                                             |      | 2,332,800,000.00             | 2,188,600,000.00             |
| Cash received from investment gains                                                                      |      | 129,325,516.26               | 176,170,364.13               |
| Net proceeds from disposal of fixed assets, intangible assets<br>and other long-term assets              |      |                              |                              |
| Net proceeds from disposal of a subsidiary and other business<br>unit                                    |      |                              |                              |
| Other cash received relating to investing activities                                                     |      |                              |                              |
| <b>Subtotal of cash inflows from investing activities</b>                                                |      | <b>2,462,125,516.26</b>      | 2,364,770,364.13             |
| Cash paid for purchase and construction of fixed assets,<br>intangible assets and other long-term assets |      | 345,153.66                   | 242,428.99                   |
| Payment for investments                                                                                  |      | 2,230,808,400.00             | 2,956,900,000.00             |
| Net cash paid for acquisition of a subsidiary and other<br>business unit                                 |      | 50,365,000.00                | 30,670,000.00                |
| Other cash paid relating to investing activities                                                         |      |                              | 10,000,000.00                |
| <b>Subtotal of cash outflows from investing activities</b>                                               |      | <b>2,281,518,553.66</b>      | 2,997,812,428.99             |
| <b>Net cash flows from investing activities</b>                                                          |      | <b>180,606,962.60</b>        | -633,042,064.86              |

## SECTION 10 FINANCIAL REPORT

| Item                                                                              | Note | From January<br>to June 2021 | From January<br>to June 2020 |
|-----------------------------------------------------------------------------------|------|------------------------------|------------------------------|
| <b>III. Cash flows from financing activities:</b>                                 |      |                              |                              |
| Cash received from absorbing investments                                          |      |                              |                              |
| Cash received from borrowings                                                     |      | 6,112,922,222.22             | 9,034,627,777.77             |
| Other cash received relating to financing activities                              |      |                              |                              |
| <b>Subtotal of cash inflows from financing activities</b>                         |      | <b>6,112,922,222.22</b>      | <b>9,034,627,777.77</b>      |
| Repayment of debts                                                                |      | 6,082,237,700.00             | 8,170,000,000.00             |
| Cash payments for distribution of dividends or<br>profit or repayment of interest |      | 172,973,395.60               | 247,478,014.31               |
| Other cash paid relating to financing activities                                  |      | 1,320,070.31                 | 500,225,536.28               |
| <b>Subtotal of cash outflows from financing activities</b>                        |      | <b>6,256,531,165.91</b>      | <b>8,917,703,550.59</b>      |
| <b>Net cash flows from financing activities</b>                                   |      | <b>-143,608,943.69</b>       | <b>116,924,227.18</b>        |
| <b>IV. Impact of exchange rate on cash and cash equivalents</b>                   |      | <b>-8,807,587.26</b>         | <b>-18,909,145.62</b>        |
| <b>V. Net increase in cash and cash equivalents</b>                               |      | <b>-244,753,239.74</b>       | <b>-622,531,969.94</b>       |
| Add: Cash and cash equivalents at beginning of the period                         |      | 1,493,571,879.69             | 2,319,883,981.64             |
| <b>VI. Cash and cash equivalents at end of the period</b>                         |      | <b>1,248,818,639.95</b>      | <b>1,697,352,011.70</b>      |

Legal representative:  
WU Jianqiang

Accounting principal:  
ZHANG Jian

Accounting function's principal:  
ZHANG Xiuyin

## Unit: RMB

Legal representative: WU Jianqiang  
Accounting principal: ZHANG Jian  
Accounting function's principal: ZHANG Xuyin

## SECTION 10 FINANCIAL REPORT

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE PARENT

Unit: RMB

| Item                                                                        | From January to June 2021 |                         |                  |                  |                      | Total shareholders' interests |
|-----------------------------------------------------------------------------|---------------------------|-------------------------|------------------|------------------|----------------------|-------------------------------|
|                                                                             | Share capital             | Other equity instrument |                  | Capital reserve  | Less: treasury stock |                               |
|                                                                             |                           | Preferred stock         | Perpetual bonds  |                  |                      |                               |
| I. Balance at end of last year                                              | 2,959,066,867.00          |                         | 2,498,584,905.65 | 1,190,696,521.57 | 12,016,470.00        | 6,949,867,605.44              |
| Add: Change in accounting policies                                          |                           |                         |                  |                  |                      |                               |
| Correction of prior-year errors                                             |                           |                         |                  |                  |                      |                               |
| Others                                                                      |                           |                         |                  |                  |                      |                               |
| II. Balance at beginning of the year                                        | 2,959,066,867.00          |                         | 2,498,584,905.65 | 1,190,696,521.57 | 12,016,470.00        | 6,949,867,605.44              |
| III. Increases or decreases in the period ("+" for increase)                |                           |                         |                  |                  |                      |                               |
| (I) Total comprehensive income                                              |                           |                         |                  |                  | -83,300.00           | 115,744,146.14                |
| (II) Increase and decrease in capital contribution from shareholders        |                           |                         |                  |                  | -83,300.00           | 143,549,702.10                |
| 1. Ordinary shares contributed by shareholders                              |                           |                         |                  |                  |                      |                               |
| 2. Capital contribution from other equity instrument holders                |                           |                         |                  |                  |                      |                               |
| 3. Amount included in shareholders' equity arising from share-based payment |                           |                         |                  |                  |                      |                               |
| 4. Others                                                                   |                           |                         |                  |                  |                      |                               |
| (III) Profit distribution                                                   |                           |                         |                  |                  |                      |                               |
| 1. Appropriation to surplus reserve                                         |                           |                         |                  |                  |                      | -27,805,555.96                |
| 2. Distribution to shareholders                                             |                           |                         |                  |                  |                      |                               |
| 3. Others                                                                   |                           |                         |                  |                  |                      | -27,805,555.96                |
| (IV) Transfers within shareholders' equity                                  |                           |                         |                  |                  |                      |                               |
| 1. Capital reserve transferred to share capital                             |                           |                         |                  |                  |                      |                               |
| 2. Surplus reserve transferred to share capital                             |                           |                         |                  |                  |                      |                               |
| 3. Surplus reserve used to make up loss                                     |                           |                         |                  |                  |                      |                               |
| 4. Change in DGP transferred to retained earnings                           |                           |                         |                  |                  |                      |                               |
| 5. Other comprehensive income transferred into retained earnings            |                           |                         |                  |                  |                      |                               |
| 6. Others                                                                   |                           |                         |                  |                  |                      |                               |
| (V) Special reserve                                                         |                           |                         |                  |                  |                      |                               |
| 1. Appropriation to special reserve                                         |                           |                         |                  |                  |                      | 88,617.24                     |
| 2. Use of special reserve                                                   |                           |                         |                  |                  |                      | 422,322.82                    |
| (VI) Others                                                                 |                           |                         |                  |                  |                      | -333,705.58                   |
| IV. Balance at end of the period                                            | 2,959,066,867.00          |                         | 2,498,584,905.65 | 1,190,696,521.57 | 11,933,170.00        | 7,065,617,068.82              |
|                                                                             |                           |                         |                  |                  |                      | 181,623,262.90                |
|                                                                             |                           |                         |                  |                  |                      | 222,751,992.52                |
|                                                                             |                           |                         |                  |                  |                      | 960,549.18                    |
|                                                                             |                           |                         |                  |                  |                      | 88,617.24                     |
|                                                                             |                           |                         |                  |                  |                      | 422,322.82                    |
|                                                                             |                           |                         |                  |                  |                      | -333,705.58                   |

Legal representative:  
WU JianqiangAccounting principal:  
ZHANG JianAccounting function's principal:  
ZHANG Xiuyin

## SECTION 10 FINANCIAL REPORT

**NOTES TO THE FINANCIAL STATEMENTS**

(Amounts expressed in RMB unless otherwise indicated herein)

**1. GENERAL INFORMATION****(1) Place of incorporation, organizational form and head office.**

China Aluminum International Engineering Corporation Limited (hereinafter referred to as “Chalieco”), formerly known as China Aluminum International Engineering Co., Ltd., was established on 16 December 2003 with a capital contribution of RMB200,000,000.00 from China Aluminum Group Limited (hereinafter referred to as “China Aluminum Group”) and China Aluminum International Trade Co., Ltd. (hereinafter referred to as “China Aluminum International Trade”), with China Aluminum Group and China Aluminum International Trade holding 95% and 5% equity in Chalieco respectively.

In December 2010, China Aluminum International Trade transferred its 5% equity in the Company to China Aluminum Group, whereupon Chalieco became a wholly-owned subsidiary of China Aluminum Group.

Chalieco was reorganized in 2011 and was incorporated as a joint stock company in Beijing in June 2011 with a registered capital of RMB2,300,000,000.00.

In July 2012, Chalieco offered 363,160,000 shares (H shares) to overseas investors on the main board of the Stock Exchange. The stock abbreviation is “Chalieco” and the stock code is “2068”. In H share offering, under relevant approval, China Aluminum Group and Luoyang Institute converted their 36,316,000 state-owned domestic shares, equivalent to 10% of the number of H shares under public offering, into H shares on a 1:1 basis and transferred them to the National Council of Social Security Funds on the day of listing. Upon consummation of the above offering, the total share capital increased to RMB2,663,160,000.00.

As approved by the Approval in Relation to the Initial Public Offering of Shares by China Aluminum International Engineering Corporation Limited (Zheng Jian Xu Ke [2018] No. 934) issued by the China Securities Regulatory Commission, the stock abbreviation is “中鋁國際” and the stock code is “601068”. On 27 August 2018, the Company issued 295,906,667 ordinary shares in Renminbi to the public (at a face value of RMB1 per share), increasing its registered capital by RMB295,906,667.00. The enlarged registered capital is RMB2,959,066,667.00.

Chalieco’s registered address is Building C, No. 99 Xingshikou Road, Haidian District, Beijing, PRC, with a unified social credit code of 911100007109323200.

The ultimate controller of Chalieco is China Aluminum Group Limited.

## SECTION 10 FINANCIAL REPORT

**1. GENERAL INFORMATION (Continued)****(2) Business nature and principal operations, such as the industry in which the Company operates, the main products or services provided, the nature of the customers, sales strategy, and the nature of the regulatory environment**

The industry in which the Company operates: construction.

Principal business activities: engineering technology, design and consultancy, engineering construction and installation, equipment manufacturing and trading.

**(3) Approver of the financial report and the date of approval.**

The financial statements were approved by the board of Directors of the Company on 23 August 2021.

**(4) Scope of consolidation of financial statements for the year**

Consolidated financial statements for the current reporting period covers China Aluminum International Engineering Corporation Limited and its subsidiaries. See Note 7(1) for details.

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

- (1) Basis of preparation: The financial statements have been prepared on the going concern basis of actual transactions and events in accordance with “the Accounting Standards for Business Enterprises – Basic Standards” and relevant specific standards (together “the Accounting Standards for Business Enterprises”) issued by the Ministry of Finance, and based on the following significant accounting policies and accounting estimates.
- (2) Going concern: The Company has the ability to continue as a going concern at least over the next 12 months from the end of reporting period and there is no material event that may affect the Company’s ability to operate as a going concern.

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES****(1) Statement of compliance with the Accounting Standards for Business Enterprises**

The financial statements prepared by the Company give a true and complete view of financial position of the Company as at 30 June 2021, and operating results and cash flows of the Company from January to June 2021 in accordance with the Accounting Standards for Business Enterprises.

**(2) Accounting Period**

The Company’s accounting year is the calendar year, from 1 January to 31 December each year. The accounting period of these financial statements is from 1 January 2021 to 30 June 2021.



## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(3) Operating cycle**

The Company takes a 12-months year as a usual operating cycle, and uses an operating cycle to as the standard to determine the liquidity of assets and liabilities.

**(4) Functional currency**

The Company's functional currency is RMB.

**(5) Business combination****1. Business combination under common control**

If the acquirer of long-term equity investment arising from business combination under common control pays the consideration of combination by payment of cash, transfer of non-cash assets or assumption of debts, the Company records the initial cost of long-term equity investment based on the share of the acquiree's owners' equity in the consolidated financial statements of the ultimate controller on the combination date. If the acquirer pays the consideration of combination by issuance of equity instruments, the total face value of the issued shares is recorded as share capital. The capital reserve is adjusted for the difference between the initial investment cost of long-term equity investment and the carrying value of the consideration of combination (or the total face value of the issued shares). If the capital reserve is not sufficient, any excess reduces retained earnings.

**2. Business combination not under common control**

For business combination not under common control, the combination cost is the sum of the fair value of assets, liabilities incurred or assumed and equity securities issued by the acquirer in order to obtain control over the acquiree on the acquisition date. The identifiable assets, liabilities and contingent liabilities of the acquiree that meet the recognition conditions and are acquired in the business combination not under common control are measured at their fair value on the acquisition date. The excess of the acquirer's combination cost over the share of fair value of net identifiable assets of the acquiree obtained in the combination is reflected in the value of goodwill. If the acquirer's combination cost is lower than the share of fair value of net identifiable assets of the acquiree obtained in the combination, and the difference remains after view, then the difference is recorded in non-operating income for the current period.

## SECTION 10 FINANCIAL REPORT

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (6) Method for preparing consolidated financial statements

##### 1. Scope of consolidated financial statements

The Company includes all subsidiaries (including separate entities controlled by the Company) in the scope of consolidated financial statements, including companies controlled by the Company, separable parts of the investee and structured entities.

##### 2. Unifying accounting policies, balance sheet date and accounting period of the parent and subsidiaries

If the accounting policy or accounting period adopted by a subsidiary is inconsistent with that adopted by the Company, the subsidiary's financial statements are adjusted for the Company's accounting policy or accounting period as necessary in preparing the consolidated financial statements.

##### 3. Offset matters in the consolidated financial statements

The Company prepares consolidated financial statements based on the financial statements of the Company and its subsidiaries, having eliminated all transactions between the Company and its subsidiaries and among subsidiaries. The share of owners' equity of a subsidiary not attributable to the Company is recorded as non-controlling interests, and presented in "non-controlling interests" under shareholders' equity in the consolidated balance sheet. If a subsidiary holds long-term equity investment in the Company, the same is deemed treasury stock of the Group, reduces shareholders' equity and is presented as "less: treasury stock" under shareholders' equity in the consolidated balance sheet.

##### 4. Accounting Treatment of Subsidiaries Acquired through Merger

For a subsidiary acquired through business combination under common control, its assets, liabilities, operating results and cash flows are included in the consolidated financial statements from the beginning of the current period, as if the business combination occurred when the ultimate controller started to control the subsidiary. For a subsidiary acquired through business combination not under common control, for the purpose of preparing the consolidated financial statements, its individual financial statements are adjusted to the fair value of its net identifiable assets on the date of acquisition.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(6) Method for preparing consolidated financial statements (continued)****5. Accounting Treatment for Disposal of Subsidiaries**

For long-term equity investment in a subsidiary partially disposed of without loss of control, adjustment shall be made in the consolidated financial statements to the capital reserve (capital premium or equity premium) based on the difference between the disposal price and the share of net assets accrued from the date of acquisition or the date of combination of the subsidiary attributable to the long-term equity investment disposed of, and to the retained earnings if the capital reserve is insufficient for the write-down.

For loss of control over an investee due to reasons such as partial disposal of equity investment, in preparing the consolidated financial statements, the remaining equity shall be re-measured at the fair value on the date of loss of control. The difference between the sum of the consideration obtained for the disposal of equity and the fair value of the remaining equity and the share of net assets accrued from the date of acquisition or the date of combination of the original subsidiary subject to the original shareholding percentage shall be accounted for as investment gains in the period when the control is lost after writing down the goodwill. Other comprehensive income related to the equity investment in the original subsidiary shall be transferred to investment gains in the period when the control is lost.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)****(7) Classification of joint arrangements and accounting treatment of joint operations****1. Classification of joint arrangements**

Joint venture arrangements are classified as either joint operations or joint ventures. A joint arrangement not reached by a separate entity is classified as a joint operation. Separate entities refer to entities with separately identifiable financial structure, including separate incorporated entities, and unincorporated entities recognized by law. A joint arrangement reached through a separate entity is usually classified as a joint venture. If changes in relevant facts and circumstances lead to changes in the rights and obligations of a joint venture to the joint arrangement, the joint venture should reassess the classification of the joint arrangement.

**2. Accounting for joint operations**

As a participant in a joint operation, the Company recognizes the following items in relation to its share of interests in the joint operation, and accounts for the same according to requirements of relevant accounting standards for enterprises: separately held assets or liabilities, share of jointly held assets or liabilities, revenue from sales of the share of output of the joint venture, share of revenue generated from the sales of output of the joint venture, separately incurred expenses, and share of expenses incurred by the joint operation.

As a participant that does not have joint control over the joint operation, the Company accounts for its investment by reference to requirements applicable to a joint venture if it enjoys relevant assets and assumes relevant liabilities of the joint operation, or it accounts for the investment in accordance with requirements of relevant accounting standards for business enterprises.

**3. Accounting for joint ventures**

The Company, as a joint venture, accounts for its investment in the joint venture in accordance with requirements of the “Accounting Standards for Business Enterprises No.2 – Long-term Equity Investment”. If not a joint venture, the Company accounts for its investment based on degree of its influence on the joint venture.

**(8) Determination of cash and cash equivalents**

For the purpose of preparing the statement of cash flows, cash refers to cash on hand and deposits that can be readily used for payment. For the purpose of preparing the statement of cash flows, cash equivalents refer to short-term highly liquid investments that can be readily converted into known amount of cash with insignificant risk of change in value.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(9) Foreign currency transactions and translation of foreign currency financial statements****1. Translation of foreign currency transactions**

The Company translates foreign currency transactions into functional currency at the spot exchange rate prevailing on the date of transaction. On the balance sheet date, foreign currency monetary items are converted at the spot exchange rate prevailing on the balance sheet date. Exchange gain or loss arising from the difference between the spot exchange rate prevailing on that date and the spot exchange rate prevailing at the time of initial recognition or the previous balance sheet date is recognized in the profit or loss, except that exchange differences on foreign currency special loans qualified for capitalization are capitalized and included in the cost of related assets during the capitalization period. Foreign currency non-monetary items measured at historical cost are still converted at the spot exchange rate prevailing on the transaction date, and the amount in its functional currency is not changed. Foreign currency non-monetary items measured at fair value are converted at the spot exchange rate prevailing on the date when the fair value is determined. The difference between the converted amount in functional currency and the original amount in functional currency is treated as fair value change (including exchange rate change) and in profit or loss or in other comprehensive income.

**2. Translation of foreign currency financial statements**

If any subsidiary, joint venture and associate of the Company adopts a functional currency different from that of the Company, its foreign currency financial statements are translated before accounting and preparation of consolidated financial statements. Assets and liabilities items in the balance sheet are translated at the spot exchange rate prevailing on the balance sheet date. Except for “undistributed profit”, other owners’ equity items are translated at the spot exchange rate prevailing at the time of occurrence. Income and expense items in the income statement are translated at the spot exchange rate on the transaction date. The translation difference on foreign currency statements resulting from the translation is shown within other comprehensive income in owners’ equity in the balance sheet. Foreign currency cash flows are translated at the spot exchange rate prevailing on the date when the cash flow occurs. The impact of exchange rate changes on cash is shown separately in the statement of cash flows. When an overseas operation is disposed of, the translation difference on foreign currency statements related to the overseas operation is recorded in profit or loss for the period in which the disposal occurs in whole or at the percentage of overseas operation disposed of.

## SECTION 10 FINANCIAL REPORT

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (10) Financial instruments

##### 1. Recognition and derecognition of financial instruments

The Company recognizes a financial asset, financial liability or equity instrument when it becomes a party to a financial instrument contract.

For the purchase or sale of a financial asset by conventional means, the Company recognizes the asset to be received or the liability to be assumed for this purpose on the transaction day, or derecognize the sold asset on the transaction day recognizes the gain or loss on disposal as well as the receivables due from the buyer.

A financial asset that meets any one of the following conditions is derecognized:

- (1) The contractual right to receive cash flows from the financial asset is terminated.
- (2) The financial asset has been transferred, and the transfer meets the requirements for derecognition of financial assets.

If the present obligation of a financial liability (or part thereof) has been discharged, the Company derecognizes the financial liability (or part thereof).

If the Company (as the borrower) and the lender enters into an agreement to replace the original financial liability by assuming a new financial liability, and the contract terms of the new financial liability deviated materially from the original financial liability, the Company derecognizes the original financial liability and recognizes a new financial liability.

If the Company makes any substantial revision to the contract terms of the original financial liability (or part thereof), the original financial liability is derecognized and a new financial liability is recognized in accordance with the revised terms.

If a financial liability (or part thereof) is derecognized, the Company records the difference between its book value and the consideration paid (including non-cash assets transferred or liabilities assumed) in the profit or loss.

If the Company repurchases part of a financial liability, the book value of the financial liability is allocated between the derecognized portion and the remaining portion in proportion to their respective fair values on the repurchasing date. The difference between the book value allocated to the derecognized portion and the consideration paid (including non-cash assets transferred or liabilities assumed) is included in the profit or loss.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(10) Financial instruments (continued)****2. Transfer of financial assets**

Transfer of a financial asset refers to that the Company (as the transferor) transfers or delivers the financial asset (or its cash flows) to another party (transferee) other than the issuer of the financial asset.

Transfer of a financial asset includes the following two circumstance:

- (1) The Company transfers the contractual right to receive cash flows from the financial asset to another party.
- (2) The Company retains the contractual right to receive cash flows from the financial asset, but undertakes the contractual obligation to pay the received cash flows to one or more ultimate beneficiaries, and the following conditions are satisfied:
  - A. The Company is obliged to pay the ultimate beneficiary only when it receives equivalent cash flows from the financial asset. This condition is deemed satisfied if the Company provides advances but has the right to fully recover the advance and charge interest at the market interest rate.
  - B. Although the transfer contract prohibits the Company from selling or mortgaging the financial asset, the Company can use it as a guarantee of the obligation to pay cash flows to the ultimate beneficiary.
  - C. The Company has the obligation to transfer all cash flows collected on behalf of the ultimate beneficiary to the ultimate beneficiary in a timely manner without any undue delay. The Company has no right to reinvest the cash flows, but this condition is deemed satisfied if the Company invests such cash flows in cash or cash equivalents for the short settlement period between the collection date and the transfer date required by the ultimate beneficiary and pays the gain on such investment to the ultimate beneficiary as agreed in the contract.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(10) Financial instruments (continued)****2. Transfer of financial assets (continued)**

When a financial asset is transferred, the Company assesses the degree of risks and rewards in retaining the ownership of the financial asset and treats it as follows:

- (1) If the Company has transferred almost all risks and rewards in the ownership of the financial asset, the financial asset is derecognized, and the rights and obligations generated or retained in the transfer are separately recognized as assets or liabilities.
- (2) If the Company has retained almost all risks and rewards in the ownership of the financial asset, it continues to recognize the financial asset.
- (3) If the Company neither transfers nor retains almost all risks and rewards in the ownership of the financial asset, the Company treats it as follows depending on whether it retains control over the financial asset:
  - A. If the Company does not retain control over the financial asset, the financial asset is derecognized, and the rights and obligations arising from or retained in the transfer are separately recognized as assets or liabilities.
  - B. If the Company retains control over the financial asset, it recognizes relevant financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes relevant liabilities accordingly.

**3. Classification of financial assets**

The Company classifies financial assets into the following three categories depending on its business mode of managing financial assets and the characteristics of contractual cash flows from financial assets:

- (1) Financial assets at amortized cost.
- (2) Financial assets at fair value through other comprehensive income (FVTOCI).
- (3) Financial assets at fair value through profit or loss (FVTPL).



SECTION 10 FINANCIAL REPORT

### **3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**

#### **(10) Financial instruments (continued)**

##### **3. Classification of financial assets (continued)**

Financial assets that meet all of the following conditions are classified as financial assets at amortized cost:

- (1) The Company's business mode of managing the financial asset is to collect the contractual cash flows.
- (2) The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is solely the payment of principal and interest based on the amount of outstanding principal.

Financial assets that meet all of the following conditions are classified as financial assets at FVTOCI:

- (1) The Company's business mode of managing the financial asset aims at both collecting the contractual cash flow and selling the financial asset.
- (2) The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is solely the payment of principal and interest based on the amount of outstanding principal.

The Company classifies all financial assets other than those at amortized cost and those at FVTOCI as financial assets at FVTPL.

On initial recognition, the Company may elect to designate equity instrument investments not for trading purpose as financial assets at FVTOCI, and designation is not cancellable once made.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)****(10) Financial instruments (continued)****3. Classification of financial assets (continued)**

If a financial asset or financial liability meets any of the following conditions, it indicates that the Company holds the financial asset or assumes the financial liability for trading purpose:

- (1) The purpose of acquiring relevant financial asset or assuming relevant financial liability is mainly for sale or repurchase in the near future.
- (2) Relevant financial asset or financial liability is part of the identifiable portfolio of financial instruments under centralized management at the time of initial recognition, and there is objective evidence that there is a short-term profit pattern in the near future.
- (3) Relevant financial assets or financial liabilities are derivative instruments. However, derivatives that meet the definition of financial guarantee contracts and derivatives designated as effective hedging instruments are excluded.

On initial recognition, if accounting mismatch can be eliminated or significantly reduced, the Company may elect to designate financial assets as financial assets at FVTPL. The designation is not revocable once made.

**4. Classification of financial liabilities**

Except for the following items, the Company classifies financial liabilities as financial liabilities at amortized cost:

- (1) Financial liabilities at FVTPL include financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated at fair value through profit or loss.
- (2) Financial liabilities resulting from the transfer of financial assets that do not meet the conditions for derecognition or from continuing involvement in the transferred financial asset.

If a financial liability arises from contingent consideration recognized by the Company as the acquirer in a business combination not under common control, the financial liability is measured at FVTPL.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)****(10) Financial instruments (continued)****4. Classification of financial liabilities (continued)**

On initial recognition, in order to provide more relevant accounting information on initial recognition, the Company may elect to designate a financial liability at FVTPL provided that any of the following conditions is satisfied:

- (1) The designation can eliminate or significantly reduce accounting mismatch.
- (2) Pursuant to the Company's risk management or investment strategy set out in an official written document, the management and performance evaluation of the financial liability portfolio or the portfolio of financial assets and financial liabilities are conducted at fair value, and reported to key management within the Company on this basis.

The designation is not revocable once made.

**5. Reclassification of financial instruments**

When the Company changes its business mode of managing financial assets, it reclassifies all relevant financial assets affected thereby.

The Company does not reclassify any financial liability.

In case of reclassification of financial assets, the Company adopts the prospective method for relevant accounting treatment from the reclassification date, and does not retroactively adjust previously recognized gains, losses (including impairment losses or gains) or interests.

If the Company reclassifies a financial asset at amortized cost to a financial asset at FVTPL, it measures the asset at its fair value on the reclassification date. The difference between the original book value and the fair value is recorded in profit or loss.

If the Company reclassifies a financial asset at amortized cost to a financial asset at FVTOCI, it measures the financial asset at its fair value on the reclassification date. The difference between the original book value and the fair value is recorded in other comprehensive income. The reclassification of this financial asset does not affect the measurement of its effective interest rate and expected credit loss.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(10) Financial instruments (continued)****5. Reclassification of financial instruments (continued)**

If the Company reclassifies a financial asset at FVTOCI to a financial asset at amortized cost, it reverses the accumulated gains or losses previously recorded in other comprehensive income, adjusts the fair value of the financial asset on the reclassification date and uses the adjusted amount as its new book value, as if the financial asset has been measured at amortized cost from the very beginning. The reclassification of the financial asset does not affect the measurement of its effective interest rate and expected credit loss.

If the Company reclassifies a financial asset at FVTOCI to a financial asset at FVTPL, it continues to measure the financial asset at fair value. Meanwhile, the Company transfers accumulated gains or losses previously recorded in other comprehensive income from other comprehensive income to profit or loss.

If the Company reclassifies a financial asset at FVTPL to a financial asset at amortised cost, it uses the fair value on the reclassification date as the new book balance.

If the Company reclassifies a financial asset at FVTPL to a financial asset at FVTOCI, it continues to measure the financial asset at fair value.

**6. Measurement of financial instruments**

The Company measures financial assets or financial liabilities at fair value on initial recognition. For financial assets and financial liabilities at FVTPL, relevant transaction costs are directly recorded in profit or loss; for other financial assets or financial liabilities, relevant transaction costs are recorded in the initial recognition amount. However, if accounts receivable initially recognized by the Company do not contain significant financing component or if the financing component of a contract for a term not exceeding one year is not considered, the financial asset or financial liability is initially measured at the transaction price.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(10) Financial instruments (continued)****6. Measurement of financial instruments (continued)**

The amortized cost of a financial asset or financial liability is determined on the basis of its initially recognized amount adjusted as follows:

- (1) Deducting any repaid principal.
- (2) Adding or subtracting the accumulated amortization of the difference between the amount initially recognized and the amount on the maturity date using the effective interest rate method.
- (3) Deducting accumulated allowance for loss (in case of a financial asset).

The Company recognizes interest income using the effective interest rate method. Interest income is calculated and determined by multiplying the book balance of a financial asset by the effective interest rate, except for the following:

- (1) For a purchased or originated financial asset that is credit-impaired, the Company calculates and determines its interest income by multiplying the amortized cost of the financial asset by the credit adjusted effective interest rate from the initial recognition.
- (2) For a purchased or originated financial asset that is not credit-impaired but is credit-impaired subsequently, the Company calculates and determines the interest income by multiplying the amortized cost by the effective interest rate in the subsequent period. Where the Company calculates the interest income by applying the effective interest rate method to the amortised cost of a financial asset as aforesaid, if the financial instrument is no longer credit-impaired subsequently due to improvement of its credit risk, and such improvement can be objectively related to an event occurring after the above provisions are applied (such as an upgrade to the debtor's credit rating), the Company then calculates and determines the interest income by multiplying the book balance of the financial asset by the effective interest rate.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(10) Financial instruments (continued)****6. Measurement of financial instruments (continued)**

A financial asset is credit-impaired when one or more events that have an adverse impact on expected future cash flows of the financial asset occur. Evidence that a financial asset is credit-impaired include the following observable information:

- (1) The issuer or debtor has material financial difficulties;
- (2) The debtor violates the contract, such as default or overdue payment of interest or principal, etc.;
- (3) Creditors grant concessions that would not otherwise be granted to the debtor due to economic or contractual considerations related to the debtor's financial difficulties;
- (4) The debtor is likely to go bankrupt or undergo other financial reorganization;
- (5) An active market for the financial asset disappears as a result of financial difficulties of the issuer or debtor;
- (6) A financial asset is purchased or originated at a substantial discount which reflects the fact that credit loss has occurred.

If the Company revises or renegotiates the contract with the counterparty, which does not result in derecognition of the financial asset but results in a change in cash flows of the contract, the Company recalculates the carrying amount of the financial asset and records relevant gain or loss in profit or loss.

If the Company no longer reasonably expects contractual cash flows of a financial asset to be fully or partially recoverable, the book balance of the financial asset is directly written down. Such write-down constitutes derecognition of relevant financial asset.

The Company measures investments in equity instruments and contracts associated with such investments at fair value. However, under limited circumstances, if there is insufficient recent information to determine the fair value or a possible estimate of the fair value covers a wide range, and the cost represents the best estimate of the fair value within the range, then the cost may represent an appropriate estimate of the fair value within the range.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(10) Financial instruments (continued)****7. Gain and loss**

The Company recognises gain or loss on a financial asset or financial liability measured at fair value in profit or loss, unless the financial asset or financial liability fall under any of the following circumstances:

- (1) It is part of qualifying hedge.
- (2) It is an investment in equity instruments not for trading purpose, and the Company has designated it as a financial asset at FVTOCI.
- (3) It is a financial liability designated at FVTPL and changes in its fair value arising from credit risk of the Company are recorded in other comprehensive income.
- (4) It is classified as a financial asset at FVTOCI, and changes in its fair value other than impairment loss or gain and exchange gain or loss are recorded in other comprehensive income.

The Company recognizes dividend income in profit or loss only if all of the following conditions are met:

- (1) The Company's right to receive the dividends has been established;
- (2) Economic benefits related to the dividends are likely to flow into the company;
- (3) The amount of dividends can be measured reliably.

Gains or losses arising from a financial asset that is measured at amortized cost and is not part of any hedging are recorded in profit or loss on derecognition, reclassification, amortization using the effective interest rate method or recognition of impairment according to the provisions of these standards.

Gains or losses arising from a financial liability that is measured at amortized cost and is not part of any hedging are recorded in profit or loss upon derecognition or upon amortization using the effective interest rate method.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(10) Financial instruments (continued)****7. Gain and loss (continued)**

Gains or losses arising from a financial liability designated at FVTPL are treated as follows:

- (1) Changes in fair value of the financial liability caused by changes in credit risk of the Company is recorded in other comprehensive income;
- (2) Other changes in fair value of the financial liability are recorded in profit or loss.

If the above treatment of the impact of changes in credit risk of the financial liability would cause or expand accounting mismatch in profit or loss, the Company records all gains or losses on the financial liability (including the impact of changes in credit risk of the Company) in profit or loss.

Upon derecognition of a financial liability, all accumulated gains or losses previously recorded in other comprehensive income are transferred from other comprehensive income to retained earnings.

Upon derecognition of an equity instrument investment not held for trading purpose that is designated at FVTOCI, all accumulated gains or losses previously recorded in other comprehensive income are transferred from other comprehensive income to retained earnings.

All gains or losses (other than impairment loss or gain and exchange gain or loss) on a financial asset classified at FVTOCI, are recorded in other comprehensive income till its derecognition or reclassification. However, interest income from the financial asset calculated using the effective interest rate method is recorded in profit or loss. The amount recorded in profit or loss of each period is equal to the amount recorded in profit or loss of such period assuming the financial asset has been measured at amortised cost. Upon derecognition of the financial asset, all accumulated gains or losses previously recorded in other comprehensive income are transferred from other comprehensive income to profit or loss.



SECTION 10 FINANCIAL REPORT

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (11) Determination and accounting of expected credit loss

##### 1. Expected credit loss

The Company accounts for impairment and recognizes loss allowance for the following items based on expected credit loss:

- (1) Financial assets at amortized cost and financial assets at FVTOCI.
- (2) Lease receivables.
- (3) Contract assets.

Expected credit loss refers to the average of credit loss on financial instruments weighted by the risk of default.

For financial assets classified at FVTOCI, the Company recognizes loss allowance in other comprehensive income, and records impairment loss or gain in profit or loss without reducing the book value of the financial assets shown in the balance sheet.

The Company's method for measuring expected credit loss on finance instruments reflects the following elements:

- (1) Unbiased probability weighted average determined by evaluating a series of possible results.
- (2) Time value of money.
- (3) Reasonable and reliable information on past events, current situation and future economic forecast that are available on the balance sheet date without unnecessary extra costs or efforts.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(11) Determination and accounting of expected credit loss (continued)****2. Purchased or originated financial assets that are credit-impaired**

For purchased or originated financial assets that are credit impaired, the Company recognizes accumulated changes in expected credit loss solely for the lifetime since initial recognition as loss allowance on the balance sheet date. On each balance sheet date, the Company takes the change in lifetime expected credit loss as impairment loss or gain and records it in profit or loss. Even if the lifetime expected credit loss determined on the balance sheet date is less than the amount of expected credit loss reflected in estimated cash flow at the time of initial recognition, the Company recognizes favorable changes in expected credit loss as impairment profit.

**3. Purchased or originated financial assets that are not credit impaired**

- (1) For each of the following items, the Company always measures its loss allowance at an amount equivalent to the lifetime expected credit loss:
  - A. Receivables or contract assets arising from transactions under the Accounting Standards for Business Enterprises No.14 – Revenue, whether or not they contain any significant financing component;
  - B. Lease receivables arising from transactions under the Accounting Standards for Business Enterprises No.21 – Lease, including receivables under finance lease and receivables under operating lease.

SECTION 10 FINANCIAL REPORT

### **3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**

#### **(11) Determination and accounting of expected credit loss (continued)**

##### **3. Purchased or originated financial assets that are not credit impaired (continued)**

- (2) For purchased or originated financial assets (such as other receivables) that are not credit impaired other than those under (1) above, the Company evaluates whether the credit risk of relevant financial instruments has increased significantly since initial confirmation on each balance sheet date, and measures their loss allowance and recognizes their expected credit loss and changes thereof as follows:
  - A. If the credit risk of the financial asset has increased significantly since initial confirmation, the Company measures its loss allowance at an amount equivalent to lifetime expected credit loss of the financial asset.
  - B. If the credit risk of the financial asset has not increased significantly since initial confirmation, the Company measures its loss allowance at an amount equivalent to expected credit loss of the financial asset over the next 12 months.

Any increase in or reversal of loss allowance arising on the basis of expected credit loss is recorded in profit or loss as impairment loss or gain.

## SECTION 10 FINANCIAL REPORT

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (11) Determination and accounting of expected credit loss (continued)

#### 4. Receivables arising from transactions under the Accounting Standards for Business Enterprises No.14 – Revenue

On the balance sheet date, if expected credit loss can be evaluated for receivables individually significant (a receivable is individually significant if it reaches RMB5 million) and some receivables not individually significant without unnecessary extra costs or efforts, the Company tests them for impairment and recognizes loss allowance on an individual basis. For the remaining receivables (excluding those among member companies covered under the consolidated financial statements), expected credit loss is estimated and loss allowance is recognized by aging on a collective basis at the following percentages, taking into consideration past experience, current conditions and future forecast:

##### (1) Accounts receivable

| <b>Aging</b>              | <b>Accounts receivable proportion (%)</b> |
|---------------------------|-------------------------------------------|
| Within 1 year (inclusive) | 0.50                                      |
| Between 1-2 years         | 10.00                                     |
| Between 2-3 years         | 20.00                                     |
| Between 3-4 years         | 30.00                                     |
| Between 4-5 years         | 50.00                                     |
| Over 5 years              | 100.00                                    |

##### (2) Long-term receivables

| <b>Aging</b>           | <b>Proportion (%)</b> |
|------------------------|-----------------------|
| Before due             | 0.50                  |
| Within 1 year past due | 10.00                 |
| 1-2 years past due     | 20.00                 |
| 2-3 years past due     | 30.00                 |
| 3-4 years past due     | 50.00                 |
| Over 4 years past due  | 100.00                |

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(11) Determination and accounting of expected credit loss (continued)****5. Contract assets arising from transactions under the Accounting Standards for Business Enterprises No.14 – Revenue**

On the balance sheet date, if expected credit loss can be evaluated for contract assets individually significant (a contract asset is individually significant if it reaches RMB5 million) and some contract assets not individually significant without unnecessary extra costs or efforts, the Company tests them for impairment and recognizes loss allowance on an individual basis ("the specific identification method"). The remaining contract assets are divided into two groups taking into consideration past experience, current conditions and future forecast, and expected credit loss is estimated and loss allowance is recognized as follows respectively:

**(1) Group 1: Contract assets not delivered to customers for use**

For these contract assets, the Company recognizes loss allowance for contract assets at 0.5% of the balance.

**(2) Group 2: Contract assets delivered to customers for use**

The Company recognizes loss allowance for the contract assets on the basis of aging analysis. The aging is calculated from the date of delivery and the loss allowance percentage is as follows:

| <b>Aging</b>              | <b>Proportion<br/>(%)</b> |
|---------------------------|---------------------------|
| Within 1 year (inclusive) | 0.50                      |
| Between 1-2 years         | 10.00                     |
| Between 2-3 years         | 20.00                     |
| Between 3-4 years         | 30.00                     |
| Between 4-5 years         | 50.00                     |
| Over 5 years              | 100.00                    |

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(12) Inventory****1. Inventory classification**

Inventory refers to finished products or commodities held for sale, work in progress of production, and materials consumed in the process of production or rendering of service in daily activities of the Company. It mainly includes contract assets, raw materials, work in process, commodity stock, revolving materials, spare parts and property development costs, which are measured at the lower of cost and net realizable value. Revolving materials include low-value consumables and packaging materials.

**2. Measurement of outgoing inventories**

The weighted average method is used to determine the actual cost of outgoing inventories.

**3. Provision for impairment of inventories**

On the balance sheet date, inventories are measured at the lower of cost and net realizable value, and provision for impairment of inventories is recognized on an individual basis, but provision for impairment of inventories in large quantity and low unit price is made by the category of inventories.

**4. Inventory system**

The Company adopts the perpetual inventory system.

**5. Amortization method for low-value consumables and packaging materials**

Low-value consumables and packaging materials are amortized on a one-off basis.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(13) Contract assets and contract liabilities****1. Contract assets**

The Company presents as contract assets the right to receive consideration for goods or services that have been transferred to customers (and this right depends on factors other than the lapse of time). Loss allowance for contract assets are recognized based on expected credit loss. See Note 3.11 for details on determination and accounting treatment of expected credit loss on contract assets.

**2. Contract liabilities**

Contract liabilities refer to the obligation to transfer goods or services to customers for the consideration received or receivable from customers. Contract assets and contract liabilities under the same contract are shown on a net basis.

**(14) Long-term equity investment****1. Determination of initial investment cost**

The initial investment cost of a long-term equity investment, if acquired in business combination under common control, is determined based on the share of book value of owners' equity of the acquiree in the consolidated financial statements of the ultimate controller on the acquisition date, and if acquired in business combination not under common control, is determined based on the combination cost on the acquisition date. The initial investment cost of a long-term equity investment acquired by payment of cash is the acquisition price actually paid; the initial investment cost of a long-term equity investment acquired by issuance of equity securities is the fair value of the equity securities issued; the initial investment cost of a long-term equity investment acquired through debt restructuring is determined according to relevant provisions of the Accounting Standards for Business Enterprises No. 12 – Debt Restructuring; the initial investment cost of a long-term equity investment acquired through non-monetary asset exchange is determined according to relevant provisions of the Accounting Standards for Business Enterprises No. 7 – Non-monetary Asset Exchange.

**2. Subsequent measurement and gain or loss recognition**

The Company accounts for long-term equity investments using the cost method if it can exercise control over the investee and accounts for long-term equity investments in associates and joint ventures using the equity method. The Company's equity investments in associates, if indirectly held through venture capital firms, mutual funds, trust companies or similar entities including investment-linked insurance funds, are accounted for according to the Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments whether or not the above entities have a significant influence on such investments, and are accounted for using the equity method if otherwise.

## SECTION 10 FINANCIAL REPORT

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (14) Long-term equity investment (continued)

##### 3. Basis for determining joint control over and significant influence on the investee

Joint control over the investee means that any decision on activities having significant influence on the return of an arrangement is subject to prior unanimous consent of participants sharing the control, including the sales and purchase of goods or services, the management of financial assets, the acquisition and disposal of assets, research and development activities and financing activities. Significant influence on the investee means holding 20% to 50% voting capital of the investee, or (if holding less than 20% voting capital of the investee) falling into any of the following circumstances: being represented in the board of directors or similar authority of the investee; participating in policy-making of the investee; sending management personnel to the investee; being relied on by the investee for technology or technical data; occurrence of material transactions with the investee.

#### (15) Investment property

The Company's investment properties are classified into land use rights for lease, buildings for lease, and land use rights held for transfer after appreciation. Investment property is initially measured at cost, and subsequent measured using the cost model.

Among investment property of the Company, buildings for lease are depreciated on a straight line basis, details of which are the same as those for fixed assets. Among investment property of the Company, buildings for lease, and land use rights held for transfer after appreciation are depreciated on a straight line basis, details of which are the same as those for intangible assets.

#### (16) Fixed assets

##### 1. Determination of fixed assets

Fixed assets refer to tangible assets held for the sake of production of goods, rendering of services, lease or business management, with a service life of more than one financial year. A fixed asset is recognized when economic benefits related to the fixed asset are likely to flow into the Company and the cost of this fixed asset can be measured reliably.



## SECTION 10 FINANCIAL REPORT

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (16) Fixed assets (continued)

##### 2. Classification and depreciation of fixed assets

The Company's fixed assets are mainly classified into houses and buildings, machinery and equipment, electronic equipment, and transportation equipment. Fixed assets are depreciated on a straight-line basis. Service life and estimated net residual value of fixed assets are determined based on the nature and usage of fixed assets, determine the. The service life, estimated net residual value and depreciation method of the fixed assets are reviewed at the end of each year, and adjusted accordingly if there is any difference from original estimates. The Company depreciates all fixed assets, except fixed assets that have been fully depreciated but are still in use and the land that is separately measured and recorded.

| Asset category                | Estimated<br>service life (year) | Estimated<br>net residual<br>value rate (%) | Annual<br>depreciation<br>rate (%) |
|-------------------------------|----------------------------------|---------------------------------------------|------------------------------------|
| Housing and buildings         |                                  |                                             |                                    |
| General housing and buildings | 8–45                             | 3.00, 5.00                                  | 2.11–12.13                         |
| Temporary facilities          | 2–3                              |                                             | 33.33–50.00                        |
| Machinery and equipment       | 8–20                             | 3.00, 5.00                                  | 4.75–12.13                         |
| Transportation equipment      | 5–14                             | 3.00, 5.00                                  | 6.79–19.40                         |
| Office equipment and others   | 4–10                             | 3.00, 5.00                                  | 9.50–24.25                         |

## SECTION 10 FINANCIAL REPORT

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (17) Construction in progress

The Company's construction in progress is divided into projects under construction by the proprietor and projects under construction by the contractor. Construction in progress is transferred to fixed assets when the construction is completed and the conditions for intended use are reached. Reaching the conditions for intended use means any of the following circumstances: the substantial construction (including installation) has been finished completely or substantially; the result of trial production or operation shows that the asset can run normally or produce quality products stably or that the asset can function or operate normally; the fixed asset under construction incurs very little or essentially no further capital expenditure; the fixed asset purchased or built has reached or basically reached the designed or contractual requirements.

#### (18) Borrowing costs

##### 1. Principles for capitalised of borrowing costs

Borrowing costs incurred by the Company, which are directly attributable to the purchase, construction or production of qualifying assets, are capitalized into the cost of relevant assets; other borrowing costs are expensed when incurred. Qualifying refer to fixed assets, investment properties, inventories and other assets that require purchase, construction or production activities over a very long period to reach the conditions for intended use.

##### 2. Calculation of capitalised amount

Capitalization period refers to the period from the time point when borrowing costs start capitalization to the time point when capitalization stops, excluding the period during which capitalization of borrowing costs is suspended. The capitalization of borrowing costs are suspended if purchase, construction or production activities are interrupted abnormally for more than 3 consecutive months.

Interest on specific-purpose borrowings is determined based on actual interest expenses incurred for the specific-purpose loan for the current period, minus interest income from depositing the unused portion with the bank or gain on temporary investment. If any general-purpose borrowing is used, interest is determined by multiplying the weighted average excess of accumulated asset expenditures over the amount of specific-purpose borrowings by the capitalization rate of utilized general-purpose borrowings. The capitalization rate is the weighted average interest rate of general-purpose borrowings. In case of discount or premium on the borrowing, the discount or premium is amortised during each financial period using the effective interest rate method and the interest amount for each amount is adjusted accordingly.

The effective interest rate method is a method to calculate the amortized discount or premium or interest expense at the effective interest rate of the loan. The effective interest rate is the rate that is used to discount expected future cash flows of the loan over its life to current book value of the loan.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(19) Intangible assets****1. Measurement of intangible assets**

Intangible assets are initially measured at cost. For purchased intangible assets, the actual cost is the actually paid price and related expenses. For intangible assets injected by investors, the actual cost is determined at the value agreed in the investment contract or agreement, or if the value agreed in the contract or agreement is unfair, at the fair value. The cost of intangible assets developed by the Company is the total expenditure incurred before reaching the conditions for intended use.

Subsequent measurement of intangible assets: The Company amortises intangible assets with a limited service life using the straight-line method, reviews the service life and amortization method of intangible assets at the end of each year, and makes adjustments if there is any difference from the original estimate. The Company does not amortise intangible assets with an indefinite service life, but reviews the service life at the end of each year, and estimates its service life and amortizes it on a straight-line basis if there is conclusive evidence that the service life is limited.

**2. Basis for determining an indefinite service life**

If the period over which an intangible asset will bring economic benefits to the Company is not foreseeable, or the service life is indefinite for an intangible asset, the Company determines that the intangible asset has an indefinite service life. Basis for determining an indefinite service life: the intangible asset comes from contractual rights or other legitimate rights, but there is no definite service life stipulated in the contract or the law; It is still impossible to determine the time period over which the intangible assets can bring economic benefits to the Company based on peer conditions or relevant expert opinions.

At the end of each year, the service life of intangible assets with an indefinite service life is reviewed mainly on a bottom-up basis, with the department using the intangible asset to perform basic review for any change in the basis for determining its indefinite service life.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(19) Intangible assets (continued)****3. Specific criteria for defining research stage and development stage of in-house research and development projects, and specific criteria for development stage costs eligible for capitalization**

Specific criteria for defining research stage and development stage of in-house research and development projects:

Research stage costs of in-house research and development projects are charged to the current profit or loss when incurred.

Development stage costs satisfying all of the following conditions are recognized as intangible assets:

- (1) It is feasible technically to prepare the intangible asset for use or sale;
- (2) Management has the intention to finish the intangible asset for use or sale;
- (3) It can be proved how the intangible asset will generate economic benefits;
- (4) The Company has sufficient technical, financial and other resources to complete development of the intangible asset and has the ability to use or sell the intangible asset;
- (5) Development stage costs attributable to the intangible asset can be reliably measured.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(19) Intangible assets (continued)****3. Specific criteria for defining research stage and development stage of in-house research and development projects, and specific criteria for development stage costs eligible for capitalization (continued)**

Development stage costs not satisfying the above conditions are charged to the current profit or loss when incurred. Development costs expensed in prior period will not be recognized as an asset in subsequent period. Capitalised development stage costs are shown as development costs in the balance sheet and transferred to intangible asset from the date on which it reaches the conditions for intended use.

Specific criteria for dividing research stage and development stage of in-house research and development projects: the development stage is defined as the planned study phase for acquiring new technologies and knowledge, which is characterized by planning and exploration. The development stage is defined as the stage before commercial production or use during which research results or other knowledge are applied to a certain plan or design to produce new or substantially improved materials, devices and products, and is characterized by and other stages, which are identified as the development stage. This stage has the characteristics of pertinence and greater possibility of generating results.

**(20) Impairment of long-term assets**

Long-term equity investments, investment properties measured using the most model, fixed assets, construction in progress, productive biological assets measured using the cost model, oil and gas assets, intangible assets and other long-term assets are tested for impairment if they show signs of impairment on the balance sheet date. If the result of impairment test shows that the recoverable amount of the asset is lower than its book value, the Company recognizes impairment provisions and impairment loss based on the difference.

The recoverable amount is the higher of the fair value of the asset net of disposal expenses and the present value of estimated future cash flows of the asset. Asset impairment provision is calculated and recognized on an asset-by-asset basis. If it is difficult to estimate the recoverable amount of a single asset, the Company estimate the recoverable amount of the asset group to which the asset belongs. An asset group is the smallest group of assets that can generate cash inflow independently.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(20) Impairment of long-term assets (continued)**

Goodwill separately shown in the financial statements is tested for impairment at least annually, regardless of whether there is sign of impairment. In the impairment test, the book value of goodwill is allocated to the asset group or asset group combination expected to benefit from the synergy effect of business combination. If the test results show that the recoverable amount of the asset group or the asset group combination containing the allocated goodwill is lower than its book value, impairment loss is recognized accordingly. The amount of impairment loss is firstly offset against the book value of goodwill allocated to the asset group or asset group combination, and then offset against the book value of other assets other than goodwill in the asset group or asset group combination in proportion to their book value.

Once recognized, impairment loss on the above-mentioned assets cannot be reversed to the extent that their value are recovered in future period.

**(21) Long-term unamortized expenses**

Long-term unamortized expenses refer to expenses that have been paid but have a benefiting period longer than one year (one year exclusive). Long-term unamortized expenses are amortized over the period benefiting from the expenses. If the long-term unamortized expense cannot benefit subsequent financial period, the amortized value of the item is fully charged to current profit or loss.

**(22) Employee benefits**

Employee benefits refer to all kinds of remuneration or compensation paid by the Company for services provided by employees or for separation of employment. Employee benefits mainly include short-term compensation, post-service benefits, separation benefits and other long-term employee benefits.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(22) Employee benefits (continued)****1. Short-term compensation**

Over the financial period when employees provide services, the Company recognizes actually incurred short-term compensation as a liability and charge it to current profit or loss, except where the same is included in the cost of an asset as required or permitted by the Accounting Standards for Business Enterprises. Actual employee benefits are charged to current profit or loss or included in the cost of relevant asset when incurred. Non-monetary benefits are measured at fair value. Contribution to social security schemes including medical insurance, work injury insurance, and maternity insurance and housing provident fund for employees, as well as appropriation to trade union funds and employee education funds are calculated on required basis and at required percentage, recognized as relevant liability and charged to current profit or loss or included in the cost of relevant asset over the period when employees provide services.

**2. Post-service benefits**

Over the financial period when employees provide services, the Company recognizes a liability based on the amount payable under the defined contribution plan and record it in current profit or loss or in the cost of related asset. Benefit obligations arising under the defined benefit plan are attributed to the period over which employees provide services using the project unit credit method, and recorded in current profit or loss or in the cost of related asset.

**3. Termination benefits**

When providing termination benefits to employees, the Company recognizes employee benefits payable arising from termination benefits and charges it to current profit or loss on the earlier of the following: When the Company cannot unilaterally withdraw termination benefits provided on the separation plan or the reduction proposal; When the Company recognizes the costs or expenses of reorganization involving the payment of termination benefits.

**4. Other long-term employee benefits**

Other long-term employee benefits provided by the Company for employees that meet the conditions for defined contribution plan are treated in accordance with relevant regulations on defined contribution plan. In addition, net liabilities or net assets of other long-term employee benefits are recognized and measured according to relevant regulations on defined benefit plans.

## SECTION 10 FINANCIAL REPORT

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (23) Estimated liabilities

When the Company assumes a present obligation related to a contingency, the performance of the obligation is likely to result in outflow of economic benefits, and the amount of the obligation can be measured reliably, the obligation is recognized as an estimated liability. The Company makes initial measurement based on best estimate of the amount required to perform relevant present obligation. If there is a continuous range of the amount and all results within the range carry the same probability, the median of the range is determined as the best estimate. If multiple items are involved, the best estimate is calculated and determined based on all possible results and relevant probabilities.

The book value of estimated liabilities is reviewed on the balance sheet date. If there is conclusive evidence that the book value cannot truly reflect the currently best estimate, the book value is adjusted to the currently best estimate.

#### (24) Share-based payment

Share-based payment includes equity-settled share-based payment and cash-settled share-based payment. Equity-settled share-based payments in exchange for services provided by employees, are measured at the fair value of equity instruments granted to employees. If there is an active market, the fair value is determined on the basis quotations in the active market; If there is no active market, the fair value is determined using valuation techniques shall be used to determine, including reference to the prices in recent market transactions between knowledgeable and willing parties, reference to the current fair values of other substantially identical financial instruments, discounted cash flow method, and option pricing model.

On each balance sheet date, based on latest information on changes in the number of vesting employees and the achievement of performance indicators, the Company revises the estimated number of exercisable stock options and then determine the amount of expenses allocable to each period. Option expenses that span over multiple financial periods are generally be allocated at the proportion of the length of the waiting period in a certain financial period to the length of the entire waiting period of the option.



## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(25) Preferred shares, perpetual bonds and other financial instruments****1. Division of financial liabilities and equity instruments**

Preferred shares, perpetual bonds (such as long-term option-embedded MTNs), stock options and convertible corporate bonds issued by the Company are classified as financial liabilities or equity instruments on the following principles:

- (1) Settlement through delivery of cash or other financial assets or exchange of financial assets or financial liabilities. If the Company cannot unconditionally avoid performing a contractual obligation by delivering cash or other financial assets, the contractual obligation satisfies the definition of a financial liability.
- (2) Settlement through its own equity instruments. If the financial instrument issued must be settled with or may be settled with equity instrument of the Company as a substitute for cash or other financial assets, the instrument constitutes a financial liability of the Company. The instrument is the Company's equity instrument if it is intended to enable the holder of the instrument to enjoy residual interests in the Company's assets net of all liabilities.
- (3) Classification of derivative instruments and non-derivative instruments for financial instruments that need to be settled with or may be settled with equity instruments of the Company in the future. For a non-derivative instrument, if the issuer is not obligated to deliver a variable number of its own equity instruments for settlement in the future, the non-derivative instrument is an equity instrument; otherwise, the non-derivative instrument is a financial liability. For a derivative instrument, if the Company can only settle it delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash or other financial assets, the derivative instrument is an equity instrument; If the Company exchanges a fixed amount of its own equity instruments for a variable amount of cash or other financial assets, or exchanges a variable amount of its own equity instruments for a fixed amount of cash or other financial assets, or exchanges a variable amount of its own equity instruments for a variable amount of cash or other financial assets with the conversion price fixed, the derivative instrument is recognized as a financial liability or financial asset.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)****(25) Preferred shares, perpetual bonds and other financial instruments (continued)****2. Accounting treatment of preferred shares and permanent bonds**

The Company accounts for financial instruments classified as financial liabilities in “debentures payable”, accruing interest and adjusting interest adjustment on the book over the life of the instrument in accordance with requirements on subsequent measurement of financial liabilities at amortized cost set forth in the recognition and measurement standards for financial instruments. The Company accounts for financial instruments classified as equity instruments in “other equity instruments” and dividends (including interest on instruments classified as equity instruments) distributed over its life are treated as profit distribution.

**(26) Revenue****1. Recognition of revenue**

The Company recognizes revenue when it has performed its contractual obligation, i.e. when the customer obtains control over relevant goods or services (hereinafter referred to as “goods”). Obtaining control over relevant goods means being able to dominate the use of the goods and obtain almost all the economic benefits therefrom. Contractual obligation refers to the Company’s commitment to transfer clearly distinguishable goods to the customer in the contract.

If the contract between the Company and the customer meets all of the following conditions at the same time, the Company recognizes revenue when the customer obtains the control over relevant goods:

- (1) Parties to the contract have approved the contract and promised to perform their respective obligations;
- (2) The contract specifies the rights and obligations of the parties related to the goods transferred or services rendered (hereinafter referred to as “goods transferred”);
- (3) The contract has clear payment terms related to the goods transferred;
- (4) The contract has commercial substance, that is, the performance of the contract will change the risk, time distribution or amount of the future cash flow of the Company;
- (5) The consideration that the Company is entitled to due to the transfer of goods to customers is likely to be recovered.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(26) Revenue (continued)****1. Recognition of revenue (continued)**

For contracts that do not conform to the aforesaid conditions on the contract commencement date, the Company will continuously evaluate them and make accounting treatment when they satisfy the conditions.

For contracts that do not conform to the above conditions, the Company recognizes the consideration received as revenue only when it no longer has the residual obligation to transfer goods to the customer and the consideration received from the customers does not need to be returned. Otherwise, the consideration received is accounted for as a liability. No revenue is recognized on non-monetary asset exchange without commercial substance.

Two or more contracts entered into by the Company and the same customer (or related parties to the customer) at the same time or successively at similar times are consolidated into one contract for accounting treatment in any of the following circumstances:

- (1) The two or more contracts are concluded for the same commercial purpose and constitute a package deal.
- (2) The amount of consideration under either of the two or more contracts depends on the pricing or performance of the other contracts.
- (3) The goods under the two or more contracts (or some goods under each contract) constitute a separate contractual obligation.

## SECTION 10 FINANCIAL REPORT

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (26) Revenue (continued)

##### 1. Recognition of revenue (continued)

The Company accounts for contract changes by the following three circumstances:

- (1) If clearly distinguishable goods and contract price are added, and the additional contract price reflects separate selling price of the additional goods, the contract change is treated as a separate contract.
- (2) If the contract change does not fall under circumstances (1), and the goods or services already transferred (hereinafter referred to as “transferred goods”) and the goods or services not transferred (hereinafter referred to as “untransferred goods”) can be clearly distinguished on the date of contract change, the original contract is deemed to be terminated, and the unperformed part of the original contract and the contract change are merged into a new contract for the purpose of accounting treatment.
- (3) If the contract change does not fall under circumstances (1), and the transferred goods and the untransferred goods cannot be clearly distinguished on the date of contract change, and there is no clear distinction between the transferred goods and the non-transferred goods on the contract change date, the contract change is treated as an integral part of the original contract, and the revenue is adjusted for the impact of the contract change on the contract change date.

In any of the following circumstances, the contractual obligation is one performed within a certain period of time; or, it is a contractual obligation performed at a certain point in time:

- (1) While the Company performs the contractual obligation, the customer obtains and consumes economic benefits therefrom at the same time.
- (2) The customer can control the goods in progress while the Company performs the contractual obligation.
- (3) The goods produced by the Company in the performance of the contract have irreplaceable purposes, and the Company is entitled to payment for the portion performed to date over the entire term of the contract.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(26) Revenue (continued)****1. Recognition of revenue (continued)**

For a contractual obligation performed within a certain period of time, the Company recognizes revenue by the progress in performance over that period of time, except where the progress cannot be reasonably determined. Given the nature of goods, the Company adopts the output method or the input method to determine the progress in performance.

If the progress in performance cannot be reasonably determined, but the incurred costs are expected to be compensated, revenue is recognized on the basis of the incurred costs till the progress in performance can be reasonably determined.

For a contractual obligation performed at a certain point in time, the Company recognizes revenue when the customer obtains control over relevant goods. In determining whether the customer has obtained control over the goods, the Company considers the following signs:

- (1) The Company has the present right to receive payment for the goods, that is, the customer has the present obligation to pay for the goods.
- (2) The Company has transferred the legal ownership of the goods to the customer, that is, the customer has obtained the legal ownership of the goods.
- (3) The Company has physically transferred the goods to the customer, that is, the customer has physically taken possession of the goods.
- (4) The Company has transferred major risks and rewards in ownership of the goods to the customer, that is, the customer has obtained major risks and rewards in ownership of the goods.
- (5) The customer has accepted the goods.
- (6) Other signs indicating that the customer has obtained control over the goods.

## SECTION 10 FINANCIAL REPORT

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (26) Revenue (continued)

##### 2. Measurement of revenue

The Company measures revenue based on the transaction price allocated to each individual contractual obligation.

Transaction price refers to the amount of consideration that the Company is expected to be entitled to for the transfer of goods to customers. Sums collected by the Company on behalf of third parties and sums expected to be returned to customers by the Company are treated as liabilities and are not included in the transaction price.

The Company determines the transaction price according to contract terms and taking into consideration past practices. In determining the transaction price, the Company takes into account the influence of variable consideration, significant financing component in the contract, non-cash consideration, consideration payable to customers and other factors.

If there is variable consideration under the contract, the Company determines the best estimate of variable consideration on the basis of the expected value or the most likely amount, but the transaction price including variable consideration should not exceed the accumulated recognized revenue that is highly probable not to be significantly reversed when relevant uncertainties are eliminated. The Company considers the possibility of revenue reversal and its proportion when evaluating whether it is highly probable that the accumulated recognized income will not be significantly reversed. On each balance sheet date, the Company should re-estimate the variable consideration amount to be included in the transaction price.

If there is a significant financing component in the contract, the Company determines the transaction price on the basis of the amount payable by the customer assuming that it makes payment in cash upon obtaining control over the goods. The difference between the transaction price and the contractual consideration is amortized using the effective interest rate method over the contract term.

The major financing components in the contract is not considered if on the commencement date of the contract, the Company expects the customer to payment within one year after it obtains control over the goods.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(26) Revenue (continued)****2. Measurement of revenue (continued)**

If the customer pays non-cash consideration, the Company determines the transaction price at the fair value of non-cash consideration. If the fair value of non-cash consideration cannot be reasonably estimated, the Company indirectly determines the transaction price by reference to the separate selling price at which it promises to transfer the goods to the customer. Any change in the fair value of non-cash consideration due to reasons other than the form of the consideration is treated as variable consideration.

If the Company needs to pay consideration to the customer (or a third party that purchases the goods of the Company from the customer), the transaction price is reduced by the consideration payables, and the revenue for the current period is also reduced by the consideration payable when relevant revenue is recognized or when the Company pays (or undertakes to pay) the consideration, whichever is later, except where the consideration is payable to the customer for obtaining other clearly distinguishable goods from the customer.

If the contract contains two or more contractual obligations, the Company on the commencement date of the Contract, allocates the transaction price to each single contractual obligation in proportion to its separate selling price promised by the Company.

Contractual discount is allocated to each single contractual obligation in proportion. If there is conclusive evidence that the contractual discount is related solely to one or more (but not all) contractual obligations, the Company allocates the contractual discount solely to such one or more contractual obligations.

For variable consideration and its subsequent changes, the Company allocate it to one or more relevant contractual obligations, or to one or more items among a series of clearly distinguishable goods that constitutes a single contractual obligation. For a contractual obligation that has been performed, revenue for the current period is adjusted by the amount of subsequent change in the variable consideration allocated to the contractual obligation.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(26) Revenue (continued)****3. Application of gross basis and net basis**

The Company judges whether it is acting as the principal or the agent when engaged in the transaction by whether it has control over the goods before transferring it to the customer. If the Company is able to control the goods before transferring it to the customer, the Company is the principal and recognizes the total amount of consideration received or receivable as the revenue; Otherwise, the Company acts as an agent and recognizes as revenue the amount of commissions or service fees that the Company is entitled to, which is determined by the amount of total consideration received or receivable net of the price payable to other relevant parties, or by the prescribed amount of percentage of commission.

The Company has control over the goods before transferring them to the customer in the following circumstances:

- (1) The Company obtains the control over the goods or other assets from a third party before transferring it to the customer.
- (2) The Company can dominate a third party to provide services to the customer on behalf of the Company.
- (3) After the control over the goods from a third party, the Company combines the goods with other goods into a combination output by providing significant service and transfers it to the customer.

In determining whether the Company has control over the goods before transferring it to the customer, the Company take into overall account of all relevant facts and circumstances, including:

- (1) The Company bears the main responsibility for transferring goods to the customer.
- (2) The Company assumes inventory risk of the goods before or after the transfer of the goods.
- (3) The Company has the discretion to set the price of the goods.
- (4) Other relevant facts and circumstances.



## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(26) Revenue (continued)****4. Specific revenue recognition policies for different types of engineering business**

The Company's engineering and construction contracting business covers metallurgical industry, housing construction, highways, municipal works and other fields, and adopts multiple business modes including EPC, EP, PC, BT (Build Transfer) and PPP. For different business modes, the Company formulates rationalised revenue recognition policies for different business modes in accordance with requirements of the Accounting Standards for Business Enterprises No.14 – Revenue.

Under EPC, EP and PC business modes, if the customer invites bids for E (Engineering), P (Procurement) and C (Construction) separately, and the tendering result of one project is completely independent of other projects, the Company identifies each of E, P and C as a separate contractual obligation respectively. In other cases, the Company regards all of E, P and C as one contractual obligation.

Under BT mode, the Company deems that the contractual obligation contains a significant financing component.

Under PPP mode, the Company undertakes two contractual obligations, i.e. construction and operation, and allocates the contractual consideration in proportion to their fair value.

Under different business modes, for the contractual obligation of construction or an integrated contractual obligation containing construction, since the customer can control the goods in progress during the Company's performance, the Company regards it as a contractual obligations performed within a certain period of time, and uses the input method to determine the progress in performance at the percentage of accumulated actual contract cost in the total estimated contract cost.

In the engineering and construction contracting industry, it is a preferred choice to determine the progress in performance at the percentage of accumulated actual contract cost in the total estimated contract cost. The Company's method of determining the progress in performance is consistent with industry practice.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(26) Revenue (continued)****4. Specific revenue recognition policies for different types of engineering business  
(continued)**

Determining the progress in performance requires a lot of estimates and judgments from the Company, including estimating total revenue, total cost, quantities of work, material or equipment consumption and unit price. In order to collect basic data for these estimates and judgments, the Company has been committed to establishing and maintaining a series of effective internal control systems, such as accounting methods, accounting practice standards, and financial management methods for projects, so as to strike a balance between ensuring quality of accounting information and reducing uncertainties in estimates and judgments and maintaining reasonable maintenance costs.

The contracts or agreements signed between the Company and the proprietor/customer, the confirmation by the proprietor/customer's representative and supervisor of the quantities of work and settlement amount, and the project settlement data between the Company and subcontractors are all important external evidences for the Company to determine the percentage of completion.

Determination of estimated total revenue: after the contract or agreement is signed, the financial department works operation departments to determine the initial estimated total revenue based on the amount agreed in the contract or agreement. Total contract revenue is adjusted for contract changes, claims and awards in execution of the project based on documents or supplementary agreements issued by the proprietor.

Determination of the estimated total cost: The Company's contract costs include direct labor, equipment or materials, subcontractor costs and machinery usage costs. At the beginning of bidding for the project, the Company estimates the estimated total cost of the project and evaluate its profit prospects by reference to tendering documents and past experience. After the contract or agreement is signed, the financial department works with the procurement department to review and confirm the estimated total cost based on information including the subcontracting contract or agreement, engineering or equipment design drawings, equipment or material suppliers' quotations and labor cost budget and submit it for approval step by step. In the construction process, the engineering control department, in conjunction with the financial department, the procurement department, the construction department and the manufacturing department, revises the detailed cost items as appropriate based on the confirmation of engineering or equipment changes, makes adjustments to the estimated total cost by reference to the recent price changes, and then submit it for approval step by step according to corresponding procedures.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(26) Revenue (continued)****4. Specific revenue recognition policies for different types of engineering business  
(continued)**

Collection of actual contract costs: the procurement department, together with the financial department, determines qualified suppliers and subcontractors through tendering for major outsourced cost items for construction of the project or equipment. Procurement staff signs contracts or orders with qualified suppliers according to the approved procurement plan. The warehousing department organizes the acceptance of physical items and the user department confirms the actual use of outsourced labor services. The construction department and manufacturing department applies for materials or equipment according to the approved production plan. The engineering control department and other departments settle accounts with subcontractors regularly or at important nodes to determine subcontractor cost for the current period. The project administration department prepares the labor cost budget according to the Company's remuneration policy, which subject to approval, is used as the standard for daily salary and bonus payment. The financial department, together with the warehousing department, the construction department and the manufacturing department, takes inventory of all kinds of materials onsite on a regular basis. After reviewing relevant original vouchers, the financial department records actual contract costs incurred in the current period.

Calculation of progress in progress and revenue and cost: At the end of each month, the financial department calculates progress in performance based on the reviewed estimated total revenue, estimated total cost and actual contract cost, prepares the revenue and cost calculation table, and after it is duly approved, recognize revenue and cost for the month. Under special circumstances where the progress in performance cannot be reasonably determined, the financial department, in conjunction with relevant departments, prudently assess whether the incurred costs are expected to be compensated. After the assessment result is duly approved according to the corresponding procedures, the financial department recognizes revenue and cost for the current month accordingly.

The Company believes that its current internal control system and accounting system are reasonably designed and operate effectively, and combined with important external evidence that are available, can ensure that the Company determines the progress in performance in a prudent and reasonable manner.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(27) Contract cost**

The cost incurred by the Company in performing the contract, which does not fall under other accounting standards for business enterprises other than “the Accounting Standards for Business Enterprises No.14 – Revenue” and meets all of the following conditions, is treated as contract performance cost and recognized as an asset:

1. The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs definitely borne by the customer and other costs incurred solely as a result of the contract;
2. The cost increases the Company’s resources for performing its contractual obligations in the future;
3. The cost is expected to be recovered

Incremental cost incurred by the Company in obtaining the contract, if expected to be recovered, are is treated as contract acquisition cost and recognized as an asset. However, if the amortization period of the asset does not exceed one year, it is charged to the current profit or loss when incurred.

Assets related to the contract cost are amortized on the same basis on which revenue from goods related to the asset is recognized, and charged to current profit or loss.

The excess of the book value of the asset related to the contract cost over the difference between the following two items, is recognized as asset impairment loss and impairment provision is also recognized accordingly:

1. The remaining consideration that the Company is expected to obtain due to the transfer of goods related to the asset;
2. Estimated costs to be incurred for the transfer of the relevant goods.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(27) Contract cost (Continued)**

If due to subsequent changes in factors leading to impairment in prior period, the difference between (1) and (2) above is higher than the book value of the asset, the accrued asset impairment provision is reserved and recorded in current profit or loss, provided that the book value after reversal does not exceed the book value of the asset on the reversal date assuming that no impairment provision is accrued.

In determining impairment loss of the asset related to the contract cost, the Company first determines the impairment loss of other assets related to the contract recognized in accordance with other relevant accounting standards for business enterprises other than the Accounting Standards for Business Enterprises No.14 – Revenue, and then determines the impairment loss of the asset related to the contract cost following the aforesaid method.

**(28) Government subsidy****1. Types of government subsidy**

Government subsidy refers to monetary assets or non-monetary assets (excluding capital injected by the government as an owner) obtained by the Company free of charge from the government, which are mainly classified into government subsidy related to assets and government subsidy related to income.

**2. Accounting for government subsidy**

Government subsidies related to assets are recognized as deferred income. The amount recognized as deferred income is charged to current profit or loss in a reasonable and systematic method over the service life of the relevant asset. Among them, those related to daily activities of the Company are included in other income, while those unrelated to daily activities of the Company are included in non-operating income.

Government subsidies measured in nominal amount are directly charged to current profit or loss.

Government subsidies related to income are treated as follows: Government subsidies intended to cover related expenses or losses to be incurred by the Company in future periods are recognized as deferred income, and charged to current profit or loss for the period when the related expenses are recognized. Government subsidies intended to cover related expenses or losses already incurred by the Company are directly charged to current profit or loss. Those related to daily activities of the Company are included in other income, while those unrelated to daily activities of the Company are included in non-operating income.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(28) Government subsidy (continued)****3. Specific criteria for distinguishing asset-related government subsidies from revenue-related government subsidies**

Government subsidies obtained by the Company for purchasing, constructing or otherwise forming long-term assets are recognized as government subsidies related to assets, and government subsidies other than those related to assets are recognized as government subsidies related to income.

**4. Time point for determining government subsidy**

Government subsidy measured at receivable amount is recognized at the end of the period when conclusive evidence shows that the Company can satisfy relevant conditions set forth in the fiscal support policy and expects to receive the subsidy. Other government subsidies other than those measured at receivable amount are recognized when the subsidy amount is actually received.

**5. Accounting treatment of interest subsidies for policy-related preferential loans**

- (1) If the fiscal authority allocates the subsidy for interest to the lending bank which grants loan to the Company at a preferential policy rate, the Company records the borrowing at the amount actually received from the bank and calculates relevant borrowing costs based on the principal of the loan and the preferential policy rate.
- (2) If the fiscal authority directly allocates the subsidy for interest to the Company, the Company offsets it against relevant borrowing costs.

## SECTION 10 FINANCIAL REPORT

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (29) Deferred income tax assets and deferred income tax liabilities

1. Based on the difference between the book value of assets and liabilities and their tax basis (if tax basis of items not recognized as assets or liabilities can be determined according to the tax law, the tax basis is determined as the difference), deferred income tax assets or deferred income tax liabilities are calculated and recognized at the tax rate applicable to the period during which the assets or liabilities are expected to be recovered or settled.
2. Deferred income tax assets is recognized to the extent that taxable income is likely to be available to offset against deductible temporary differences. On the balance sheet date, deferred income tax assets not recognized in prior period are recognized if there is conclusive evidence that sufficient taxable income is likely to be obtained in the future period to offset against deductible temporary differences. If it is likely that sufficient taxable income will not be available to utilize against deferred income tax assets in the future period, the book value of the deferred income tax assets is written down.
3. Deferred income tax liabilities are recognized for taxable temporary differences related to investments in subsidiaries and associates, unless the Company can control the timing of reversal of temporary differences and the temporary differences are unlikely to be reversed in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences related to investments in subsidiaries and associates when the temporary differences are likely to be reversed in the foreseeable future and taxable income is likely to be available in future to offset against the deductible temporary differences.

#### (30) Lease

##### 1. Accounting treatment for assets acquired under lease

1. The accounting treatment of the Company as lessee

On the lease commencement date, the Company recognizes the right-of-use asset and lease liabilities for the lease, except for short-term leases and low-value asset leases subject to simplified treatment.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(30) Lease (continued)****1. Accounting treatment for assets acquired under lease (continued)**

## 1. The accounting treatment of the Company as lessee (continued)

(1) The right-of-use assets is initially measured at cost. The cost includes:

- A. Initial measured amount of the lease liabilities;
- B. In case of any lease incentive for lease payment made on or before the lease commencement date, the amount of lease incentive is deducted;
- C. Initial direct expenses incurred by the lessee;
- D. Costs expected to be incurred by the lessee for dismantling and removing the leased asset, restoring the premise where the leased asset is located to its original conditions or restoring the leased asset to the conditions agreed upon in the lease terms.

After the lease commencement date, the Company depreciates the right-of-use assets in accordance with regulations on depreciation specified in Note 3.15.

In accordance with provisions of the “Accounting Standards for Business Enterprises No.8 – Asset Impairment”, the Company determines whether the right-of-use asset is impaired, and accounts for any impairment loss identified.

(2) Lease liabilities is initially measured at the present value of lease payments unpaid on the lease commencement date.

In calculating the present value of the lease payment, the Company adopts the interest rate on incremental loan as the discount rate.

The Company calculates interest expense of the lease liabilities for each period in the lease term at the above discount rate, and charges it to current profit or loss.

(3) The Company elects not to recognize right-of-use assets and lease liabilities for short-term lease and low-value asset lease.



## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(30) Lease (continued)****1. Accounting treatment for assets acquired under lease (continued)**

## 2. The accounting treatment of the Company as lessor

## (1) Lessor's accounting for finance lease

On the lease commencement date, the Company recognizes a receivable under finance and derecognizes the asset under finance lease.

The Company initially measures the receivable under finance lease at the net lease investment.

The net rental investment is the sum of the unsecured residual value and the present value of the lease receipts that have not yet been received on the lease commencement date discounted at the interest rate implicit in lease.

The Company calculates and recognizes interest income for each period in the lease term at the above discount rate.

## (2) Lessor's accounting for operating lease

Over each period in the lease term, the Company recognizes lease receipts from operating leases as rental income using the straight-line method or other systematic and reasonable methods.

Initial direct expenses incurred by the Company in connection with operating leases are capitalized and allocated and expensed over the lease term on the same basis that rental income is recognized.

The Company depreciates fixed assets under operating lease following depreciation policies for similar assets, and depreciates assets under operating lease in a systematic and reasonable manner according to accounting standards applicable to such assets.

The Company determines whether the asset under operating lease is impaired and accounts for the impairment according to provisions of the Accounting Standards for Business Enterprises No.8 – Asset Impairment”.

## SECTION 10 FINANCIAL REPORT

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (31) Segment information

The Company determines business segments based on its internal organizational structure, management requirements and internal reporting system, and determines reporting segments and discloses segment information on the basis of business segments.

An operating segment refer to a component of the Company that meet all of the following conditions:

- (1) This component can generate income and incur expenses in daily activities;
- (2) Management can regularly evaluate operating results of this component, so as to decide to allocate resources to it and evaluate its performance;
- (3) Financial conditions, operating results, cash flows and other relevant accounting information of the component are available.

If two or more business segments share similar economic characteristics and meet certain conditions, they are combined into one business segment.

#### (32) Special reserve

According to provisions of the Notice on Printing and Issuing the Measures for Management of Appropriation to and Use of Production Safety Fund of Enterprises issued by the Ministry of Finance and the State Administration of Work Safety, the Company makes appropriation to production safety fee which is ear marked for improving production safety conditions of the Company.

According to relevant national regulations, the Company makes appropriation to production safety fee and other fees of similar nature, which is separately shown within “special reserve” between “less: treasury stock” and “surplus reserve” in owners’ equity. Production safety fee is included in the cost of related products or charged to profit or loss when incurred, and special reserves is increased accordingly. When the Company uses production safety fee, expensed items directly reduces the special reserves, while capitalized items are collected in construction in progress and recognized as fixed asset when the safety project is completed reaches the conditions for intended use. Meanwhile, the special reserve is reduced by the capitalized amount of production safety fee and depreciation is recognized in the same amount. The fixed asset will not be depreciated in future periods.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(33) Non-monetary asset exchange**

Non-monetary asset change are measured on the basis of fair value if the exchange has commercial substance and the fair value of incoming assets or outgoing assets can be measured reliably. The difference between the consideration obtained upon derecognition of the outgoing asset and its book value is recorded in current profit or loss.

Non-monetary asset exchange not satisfying conditions for measurement on the basis of fair value are measured at book value. Incoming assets are initially measured at the book value of outgoing assets and plus relevant taxes payable. No gain or loss is recognized on derecognition of outgoing assets.

**(34) Held-for-sale and discontinued operation**

The Company classifies non-current assets or disposal groups that meet all of the following conditions as held-for-sale: First, they are ready for sale in current conditions based on the practice of selling such assets or disposal groups in similar transaction; Secondly, the disposal is very likely to happen, that is, the Company has already made resolution on a disposal plan and has obtained a definite purchase promise, and the disposal is expected to be completed within one year. If relevant regulations require prior approval from relevant authority or regulator of the disposal, such disposal should have been obtained.

Upon initial measurement or re-measurement of a held-for-sale non-current asset or disposal group, if its book value is higher than its fair value net of disposal expenses, the book value is written down to the fair value net of disposal expenses, and the write-down amount is charged to current profit or loss, and impairment provision is recognized for the held-for-sale asset.

Non-current assets held for sale or assets in the disposal group held for sale are shown as held-for-sale assets in the balance sheet, and liabilities in the disposal group held for sale are shown as held-for-sale liabilities.

A discontinued operation is a separately distinguishable component that meets any one of the following conditions and has been disposed of or classified as held for sale by the Company:

1. This component represents an independent major business or a separate major business region;
2. This component is part of an associated plan to dispose of an independent major business or a separate major business region;
3. This component is a subsidiary acquired specifically for resale.

## SECTION 10 FINANCIAL REPORT

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (35) Key assumptions and uncertainties used in important judgements and accounting estimates made in applying accounting policies

In applying the accounting policies described in “Note 3”, the Company needs to make judgements, estimates and assumptions in relation to the book value of financial statement items that cannot be accurately measured. These judgments, estimates and assumptions are based on management’s past experience and other relevant factors. The actual results may deviate from the Company’s estimates. Key assumptions and uncertainties in the Company’s accounting estimates that are likely to lead to significant adjustments to the book value of assets and liabilities in future periods are set out below:

##### 1. Revenue recognition on engineering construction contract work

The Company recognized revenue from engineering construction in proportion to the progress in performance, while the progress in performance is determined by the accumulative actual contract cost to the total estimated contract cost. Determining the estimated total revenue and estimated total cost of these contracts requires a lot of estimates and judgments from management, including estimating the transaction price adjustment caused by contract changes, estimating the work of quantities to occur, and estimating consumption and unit price of materials or equipment. In executing the contract, management revises their estimates of estimated total revenue and the estimated total cost from time to time based on the latest available information. Adjustments to these estimates may result in an increase or decrease in revenue or costs for the current and future periods and be reflected in the income statement for the corresponding periods.

##### 2. Receivable and contract asset impairment provision

The Company accounts for impairment of and makes loss allowance for receivables and contract assets based on expected credit risks. When they are assessed for impairment loss on a collective basis, the amount of provision is determined based on historical loss pattern of assets with similar credit risk characteristics, observable data reflecting current conditions and reasonable prediction of the future. The Company regularly reviews the methods and assumptions used to estimate the amount and timing of future cash flows of related assets and continuously revises the estimation of expected credit risks. If there are unexpected material changes in credit status of important debtors or customers, it may have a significant impact on operating performance for the relevant period in the future.

## SECTION 10 FINANCIAL REPORT

**3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES  
(Continued)****(35) Key assumptions and uncertainties used in important judgements and accounting estimates made in applying accounting policies (continued)****3. Income tax**

The Company's determination of income tax involves judgment on future tax treatment of certain transactions. In view of the fact that the Company pays corporate income tax in many regions, the Company will prudently assess the tax impact of various transactions and make provision for income tax. The Company regularly reevaluates the tax impact of these transactions in accordance with updated tax regulations. The recognition of deferred income tax assets requires the Company to judge the possibility of obtaining future taxable income. The Company continuously reviews its judgment on deferred income tax, and recognizes deferred income tax assets on deductible temporary differences and deductible tax losses only if it expects that it is likely to obtain utilisable taxable income in future. Nevertheless, there remains the risk of significant differences between the ultimate tax impact and management's judgment.

**4. Retirement and early retirement benefits liabilities**

Retirement and early retirement benefit plans recognized by the Company as liabilities are measured based on various assumptions, including expected life, discount rate, wage growth rate post early retirement, medical expense growth rate and other factors. Management continuously maintains the rationality of these assumptions by engaging professional actuarial institutions and other methods, but it is still possible to make significant adjustments to these assumptions as external economic situation changes, thus affecting the balance of liabilities, profits and other comprehensive income for the relevant period.

## SECTION 10 FINANCIAL REPORT

### 3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

#### (36) Description of changes in major accounting policies and accounting estimates

There are no changes in accounting policies or accounting estimates in the current period.

### 4. TAXES

#### (1) Major taxes and tax rates

| Tax                                    | Tax basis                                                                                                                              | Tax rate                                                              |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Value added tax (VAT)                  | Taxable value added (equals to the product of taxable sales and applicable tax rate minus VAT input deductible for the current period) | 3%, 5%, 6%, 9%, 13%                                                   |
| Consumption tax                        | The sum of VAT actually paid                                                                                                           | 1%, 5% and 7%                                                         |
| Urban maintenance and construction tax | The sum of VAT actually paid                                                                                                           | 3%, 2%                                                                |
| Corporate income tax                   | Taxable income                                                                                                                         | 16.50% (HK), 25% (except preferential treatments set out in Note 4.2) |

Taxpayers of the Company subject to different corporate income taxes and their applicable income tax rates are set out below:

| Taxpayer                                                                     | Income tax rate |
|------------------------------------------------------------------------------|-----------------|
| China Aluminum International Engineering Corporation Ltd.                    | 15.00%          |
| China Nonferrous Metals Processing Technology Co., Ltd.                      | 15.00%          |
| Luoyang Jincheng Construction Supervision Co., Ltd.                          | 10.00%          |
| Luoyang Foyang Decoration Engineering Co., Ltd.                              | 25.00%          |
| Suzhou Nonferrous Metal Materials Deyuan Environmental Protection Co., Ltd.  | 25.00%          |
| Luoyang Kaiying Technology Co., Ltd.                                         | 25.00%          |
| Sixth Metallurgical Construction Company of China Nonferrous Metals Industry | 15.00%          |
| Sixth Metallurgical Luoyang Construction Co., Ltd.                           | 25.00%          |
| Sixth Metallurgical Luoyang Mechanical and Electrical Installation Co., Ltd. | 25.00%          |
| Sixth Metallurgical (Zhengzhou) Technology Heavy Industry Co., Ltd.          | 25.00%          |
| Henan Sixth Metallurgical Trading Co., Ltd.                                  | 25.00%          |
| Panzhou Haohong Project Management Co., Ltd.                                 | 25.00%          |
| Tongchuan Hao Tong Construction Co., Ltd.                                    | 25.00%          |

## SECTION 10 FINANCIAL REPORT

**4. TAXES (Continued)****(1) Major taxes and tax rates (Continued)**

| <b>Taxpayer</b>                                                                 | <b>Income tax rate</b> |
|---------------------------------------------------------------------------------|------------------------|
| China Aluminum Great Wall Construction Co., Ltd.                                | 25.00%                 |
| Huaian Tong Yun Construction Co., Ltd.                                          | 25.00%                 |
| Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy     | 15.00%                 |
| Changsha Clingsoft Info Tech Co., Ltd.                                          | 15.00%                 |
| Hunan Huachu Project Management Co., Ltd.                                       | 20.00%                 |
| Hunan Changye Construction Drawing Examination Co., Ltd.                        | 25.00%                 |
| Huachu High-Tech (Hunan) Co., Ltd.                                              | 25.00%                 |
| China Aluminum International South Engineering Co., Ltd.                        | 25.00%                 |
| Wenzhou Tongrun Construction Co., Ltd.                                          | 25.00%                 |
| Wenzhou Tonghui Construction Co., Ltd.                                          | 25.00%                 |
| Ninth Metallurgical Construction Co., Ltd.                                      | 15.00%                 |
| Henan Ninth Metallurgical Construction Co., Ltd.                                | 25.00%                 |
| Zhengzhou Ninth Metallurgical Sanwei Chemical Machinery Co., Ltd.               | 15.00%                 |
| Hanzhong Ninth Metallurgical Construction Co., Ltd.                             | 25.00%                 |
| Ankang Ninth Metallurgical Changjiali Concrete Co., Ltd.                        | 25.00%                 |
| Xinjiang Ninth Metallurgical Construction Co., Ltd.                             | 25.00%                 |
| Xianyang Ninth Metallurgical Steel Structure Co., Ltd.                          | 25.00%                 |
| Mian County Ninth Metallurgical Kindergarten                                    | 25.00%                 |
| Ninth Metallurgical Hanzhong Construction Design Institute Co., Ltd.            | 25.00%                 |
| Shaanxi Zhong Mian Investment Company Limited                                   | 25.00%                 |
| Shenyang Aluminum & Magnesium Design Institute Co., Ltd.                        | 15.00%                 |
| Shenyang Boyu Technology Co., Ltd.                                              | 15.00%                 |
| Shenyang Aluminum & Magnesium Technology Co., Ltd.                              | 15.00%                 |
| Shenyang Aluminum & Magnesium Engineering & Research Institute                  |                        |
| Construction Supervision Co., Ltd.                                              | 25.00%                 |
| Beijing Huayu Aerospace Control High-Tech Co., Ltd.                             | 15.00%                 |
| China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd. | 15.00%                 |
| China Nonferrous Metals Industry's Twelfth Metallurgical Chongqing              |                        |
| Energy Savings Technology Co., Ltd.                                             | 20.00%                 |
| Shanxi Nonferrous Metal Twelfth Metallurgical Supplies Co., Ltd.                | 20.00%                 |
| Shanxi Longye Construction Labor Service Co., Ltd.                              | 20.00%                 |
| China Aluminum International 12MCC Construction Co., Ltd.                       | 25.00%                 |
| China Nonferrous Metals Changsha Investigation and                              |                        |
| Design Research Institute Co., Ltd.                                             | 15.00%                 |
| Shenzhen Changkan Survey and Design Co., Ltd.                                   | 15.00%                 |

## SECTION 10 FINANCIAL REPORT

**4. TAXES (Continued)****(1) Major taxes and tax rates (Continued)**

| <b>Taxpayer</b>                                                                                          | <b>Income tax rate</b> |
|----------------------------------------------------------------------------------------------------------|------------------------|
| Changsha Tongxiang Construction Co., Ltd.                                                                | 25.00%                 |
| Hunan Tongdu Investment and Development Co., Ltd.                                                        | 25.00%                 |
| China Aluminum International Engineering & Equipment Co., Ltd.                                           | 25.00%                 |
| China Aluminum International Shandong Chemical Industry Co., Ltd.                                        | 25.00%                 |
| China Aluminum International Logistic (Tianjin) Co., Ltd.                                                | 25.00%                 |
| Shanghai China Aluminum International Supply Chain Management Co., Ltd.                                  | 25.00%                 |
| Chalieco Hong Kong Corporation Limited                                                                   | 16.50%                 |
| Chalieco Malaysia Sdn. Bhd.                                                                              | 25.00%                 |
| Shanghai Chalieco Fengyuan Equity Investment Fund Partnership (Limited Partner)                          | 25.00%                 |
| China Aluminum International Investment Management (Shanghai) Co., Ltd.                                  | 25.00%                 |
| Chalieco (Tianjin) Construction Co., Ltd.                                                                | 25.00%                 |
| Xinchengtong (Tianjin) Construction Engineering Co., Ltd.                                                | 25.00%                 |
| China Aluminum International Technology Development Co., Ltd.                                            | 15.00%                 |
| China Aluminum International Engineering (India) Private Limited                                         | 30.00%                 |
| China Aluminum International Yunnan Aluminum Application Engineering Co., Ltd.                           | 15.00%                 |
| Duyun Development Zone Tongda Construction Co., Ltd.                                                     | 25.00%                 |
| Guiyang Aluminum and Magnesium Design Institute Co., Ltd.                                                | 15.00%                 |
| Guiyang Aluminum and Magnesium Design Institute Construction Contracting Co., Ltd                        | 25.00%                 |
| Guiyang Zhenxing Aluminum & Magnesium Technological Development Co., Ltd.                                | 15.00%                 |
| Guizhou Light Metal Innovation Research and Equipment Process Co., Ltd.                                  | 15.00%                 |
| Guiyang Xinyu Construction Supervision Co., Ltd.                                                         | 10.00%                 |
| Guizhou Yundu Properties Company Limited                                                                 | 25.00%                 |
| Guizhou Shunan Mechanical and Electric Equipment Co., Ltd.                                               | 15.00%                 |
| Guangxi Tongrui Investment Construction Co., Ltd.                                                        | 25.00%                 |
| China Aluminum International Aluminum Application Engineering Co., Ltd.                                  | 25.00%                 |
| Shanxi Nonferrous Metal Twelfth Metallurgical Advanced Materials Co., Ltd.                               | 10.00%                 |
| Qingdao Xinfu Gongchuang Asset Management Company Limited                                                | 25.00%                 |
| Chalco Shandong Engineering Technology Co., Ltd.                                                         | 15.00%                 |
| Chalco Wancheng Shandong Construction Co., Ltd.                                                          | 25.00%                 |
| Kunming Survey and Design institute Co., Ltd. of China Nonferrous Metals industry                        | 15.00%                 |
| Kunming Technology Development Co., Ltd.                                                                 | 10.00%                 |
| Africa Congo-Kinshasa Company of Kunming Survey and Design Institute of China Nonferrous Metals Industry | 15.00%                 |
| Chinalco Southwest Construction Investment Co., Ltd.                                                     | 25.00%                 |
| Yunnan Miyu Expressway Investment and Development Co., Ltd.                                              | 25.00%                 |



## SECTION 10 FINANCIAL REPORT

**4. TAXES (Continued)****(2) Important tax preferences and approval documents****1. Tax preferences applicable to high-tech companies**

- (1) China Aluminum International Engineering Corporation Limited received the High-tech Enterprise Certificate on 15 July 2019 (Certificate number: GR201911000702, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020 and 2021.
- (2) Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy received the High-tech Enterprise Certificate on 3 December 2018 (Certificate number: GR201843001648, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020 and 2021.
- (3) Changsha Clinqsoft Info Tech Co., Ltd. (formerly known as "Changsha Hua Heng Yuan Info Tech Co., Ltd.", formalities for renaming completed on 21 November 2019) received the High-tech Enterprise Certificate on 3 December 2018 (Certificate number: GR201843001122, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020 and 2021.
- (4) China Nonferrous Metals Processing Technology Co., Ltd. received the High-tech Enterprise Certificate on 1 December 2017 (Certificate number: GR201741001058, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020.

China Nonferrous Metals Processing Technology Co., Ltd. received the High-tech Enterprise Certificate on 4 December 2020 (Certificate number: GR202041002031, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2021.

- (5) Guiyang Aluminum and Magnesium Design Institute Co., Ltd. received the High-tech Enterprise Certificate on 29 September 2019 (Certificate number: GR201952000376, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020 and 2021.

## SECTION 10 FINANCIAL REPORT

**4. TAXES (Continued)****(2) Important tax preferences and approval documents (Continued)****1. Tax preferences applicable to high-tech companies (Continued)**

- (6) Guizhou Shunan Mechanical and Electric Equipment Co., Ltd. received the High-tech Enterprise Certificate on 1 August 2018 (Certificate number: GR201852000341, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020 and 2021.
  - (7) Guiyang Zhenxing Aluminum & Magnesium Technological Development Co., Ltd. received the High-tech Enterprise Certificate on 1 August 2018 (Certificate number: GR201852000125, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020 and 2021.
  - (8) Guizhou Light Metal Innovation Research and Equipment Process Co., Ltd. received the High-tech Enterprise Certificate on 1 August 2018 (Certificate number: GR201852000306, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020 and 2021.
  - (9) Shenyang Aluminum & Magnesium Design Institute Co., Ltd. received the High-tech Enterprise Certificate on 8 August 2017 (Certificate number: GR201721000245, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020.
- Shenyang Aluminum & Magnesium Design Institute Co., Ltd. received the High-tech Enterprise Certificate on 15 September 2020 (Certificate number: GR202021000737, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2021.
- (10) Shenyang Boyu Technology Co., Ltd. received the High-tech Enterprise Certificate on 12 October 2018 (Certificate number: GR201821000333, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020 and 2021.

## SECTION 10 FINANCIAL REPORT

**4. TAXES (Continued)****(2) Important tax preferences and approval documents (Continued)****1. Tax preferences applicable to high-tech companies (Continued)**

- (11) Shenyang Aluminum & Magnesium Technology Co., Ltd. received the High-tech Enterprise Certificate on 1 December 2017 (Certificate number: GR201721000728, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020.

Shenyang Aluminum & Magnesium Technology Co., Ltd. received the High-tech Enterprise Certificate on 10 November 2020 (Certificate number: GR202021001202, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2021.

- (12) Beijing Huayu Aerospace Control High-Tech Co., Ltd. received the High-tech Enterprise Certificate on 2 December 2019 (Certificate number: GR201911005085, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020 and 2021.

- (13) China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd. received the High-tech Enterprise Certificate on 3 December 2018 (Certificate number: GR201843001632, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020 and 2021.

- (14) Shenzhen Changkan Survey and Design Co., Ltd. received the High-tech Enterprise Certificate on 31 October 2017 (Certificate number: GR201744201825, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020.

Shenzhen Changkan Survey and Design Co., Ltd. received the High-tech Enterprise Certificate on 11 December 2020 (Certificate number: GR202044204582, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2021.

## SECTION 10 FINANCIAL REPORT

**4. TAXES (Continued)****(2) Important tax preferences and approval documents (Continued)****1. Tax preferences applicable to high-tech companies (Continued)**

- (15) Sixth Metallurgical Construction Company of China Nonferrous Metals Industry received the High-tech Enterprise Certificate on 31 October 2019 (Certificate number: GR201941000377, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020 and 2021.
- (16) Ninth Metallurgical Construction Co., Ltd. received the High-tech Enterprise Certificate on 7 November 2019 (Certificate number: GR201961000427, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020 and 2021.
- (17) China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd. received the High-tech Enterprise Certificate on 29 November 2019 (Certificate number: GR201914000748, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020 and 2021.
- (18) Kunming Survey and Design institute Co., Ltd. of China Nonferrous Metals Industry received the High-tech Enterprise Certificate on 14 November 2018 (Certificate number: GR201853000051, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020 and 2021.
- (19) Chalco Shandong Engineering Technology Co., Ltd. received the High-tech Enterprise Certificate on 30 November 2018 (Certificate number: GR201837000515, valid for three years), which complies with Article 93 of the Regulations on Application of the Income Tax Law of the People's Republic of China. As a high-tech enterprise vigorously supported by the State, the Company is entitled to a preferential corporate income tax at 15% for 2020 and 2021.

## SECTION 10 FINANCIAL REPORT

**4. TAXES (Continued)****(2) Important tax preferences and approval documents (Continued)****2. Value added tax**

- (1) Pursuant to Notice of the Ministry of Finance and the State Administration of Taxation on Bringing Railway Transportation and Postal Service into the Pilot Program of Changing Business Tax to VAT (Cai Shui [2013] No.106), China Aluminum International Engineering Corporation Ltd. is exempted from VAT on revenue from technology transfer.
- (2) Pursuant to Notice of the Ministry of Finance and the State Administration of Taxation on Bringing Railway Transportation and Postal Service into the Pilot Program of Changing Business Tax to VAT (Cai Shui [2013] No.106), China Nonferrous Metals Processing Technology Co., Ltd. is exempted from VAT on revenue from technology transfer.
- (3) Pursuant to Notice on VAT Policies for Software Products issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2011] No. 100), Guiyang Zhenxing Aluminum & Magnesium Technological Development Co., Ltd. is entitled to the preferential VAT policy of refund upon levy in respect of the portion of VAT levied after actual tax burden on sales of software produced by itself reaches 3%.
- (4) Pursuant to Notice on VAT Policies for Software Products issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2011] No. 100), Guizhou Light Metal Innovation Research and Equipment Process Co., Ltd. is entitled to the preferential VAT policy of refund upon levy in respect of the portion of VAT levied after actual tax burden on sales of software produced by itself reaches 3%.
- (5) China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd. completed the formalities for registration of simplified taxation for general VAT payers on 1 May 2016. Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Fully Pushing Forward the Pilot Program of Changing Business Tax to VAT (Cai Shui [2016] No. 36), as of 1 May 2016, it may elect to apply the preferential policy of simplified taxation for construction services for projects with materials supplied by Party A, engineering construction service provided for old projects and sales of real estate obtained prior to 30 April 2016.
- (6) China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd. completed the formalities for registration for tax exemption for cross border taxable activities of general VAT payers in May 2017. Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Fully Pushing Forward the Pilot Program of Changing Business Tax to VAT (Cai Shui [2016] No. 36), domestic entities and individuals are exempted from VAT in rendering construction services overseas.

## SECTION 10 FINANCIAL REPORT

**4. TAXES (Continued)****(2) Important tax preferences and approval documents (Continued)****2. Value added tax (Continued)**

- (7) Shanxi Longye Construction Labor Service Co., Ltd. ("Longye") completed the formalities for registration of simplified taxation for general VAT payers on 1 October 2016. Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Fully Pushing Forward the Pilot Program of Changing Business Tax to VAT (Cai Shui [2016] No. 36), Longye may elect to apply the preferential policy of simplified taxation for construction service provided under clear contracting agreement.
- (8) Guiyang Xinyu Construction Supervision Co., Ltd. complies with the Announcement on Relevant Policies for Deepening the Value-Added Tax Reform jointly issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs (Joint Announcement [2019] No. 39), pursuant to which taxpayers in the production and life services industries are allowed to enjoy a reduction in tax payable by 10% of the deductible input tax from 1 April 2019 to 31 December 2021.

**3. Tax preferences applicable to the western development program**

- (1) Guiyang Xinyu Construction Supervision Co., Ltd. complies with provisions of the Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues Concerning the Further Implementation of the Western Development Strategy (Cai Shui [2011] No. 58), pursuant to which enterprises need to complete formalities for registration for corporate income tax reduction and exemption and encouraged enterprises incorporated in the western region are entitled to a preferential income tax rate of 15% from May 2018.
- (2) China Aluminum International Yunnan Aluminum Application Engineering Co., Ltd. complies with provisions of the Notice of the Ministry of Finance, the General Administration of Customs and the State Administration of Taxation on Tax Policy Issues Concerning the Further Implementation of the Western Development Strategy (Cai Shui [2011] No. 58), pursuant to which enterprises need to complete formalities for registration for corporate income tax reduction and exemption and encouraged enterprises incorporated in the western region are entitled to a preferential income tax rate of 15% from March 2021.

## SECTION 10 FINANCIAL REPORT

**4. TAXES (Continued)****(2) Important tax preferences and approval documents (Continued)****4. Tax preferences for small and micro enterprises**

- (1) Shanxi Longye Construction Labor Service Co., Ltd. complies with the provisions of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), pursuant to which for the period from 1 January 2019 to 31 December 2021, for small and micro enterprises, the portion of annual taxable income not exceeding RMB1 million is subject to a corporate tax rate of 20% on the basis of 25% of this portion of its taxable income, and the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million is subject to corporate tax rate of 20% on the basis of 50% of this portion of its taxable income.
- (2) Shanxi Nonferrous Metal Twelfth Metallurgical Supplies Co., Ltd. complies with the provisions of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), pursuant to which for the period from 1 January 2019 to 31 December 2021, for small and micro enterprises, the portion of annual taxable income not exceeding RMB1 million is subject to a corporate tax rate of 20% on the basis of 25% of this portion of its taxable income, and the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million is subject to corporate tax rate of 20% on the basis of 50% of this portion of its taxable income.
- (3) China Nonferrous Metals Industry's Twelfth Metallurgical Chongqing Energy Savings Technology Co., Ltd. complies with the provisions of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), pursuant to which for the period from 1 January 2019 to 31 December 2021, for small and micro enterprises, the portion of annual taxable income not exceeding RMB1 million is subject to a corporate tax rate of 20% on the basis of 25% of this portion of its taxable income, and the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million is subject to corporate tax rate of 20% on the basis of 50% of this portion of its taxable income.
- (4) Shanxi Nonferrous Metal Twelfth Metallurgical Advanced Materials Co., Ltd. complies with the provisions of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), pursuant to which for the period from 1 January 2019 to 31 December 2021, for small and micro enterprises, the portion of annual taxable income not exceeding RMB1 million is subject to a corporate tax rate of 20% on the basis of 25% of this portion of its taxable income, and the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million is subject to corporate tax rate of 20% on the basis of 50% of this portion of its taxable income.



## SECTION 10 FINANCIAL REPORT

**4. TAXES (Continued)****(2) Important tax preferences and approval documents (Continued)****4. Tax preferences for small and micro enterprises (Continued)**

- (5) Guiyang Xinyu Construction Supervision Co., Ltd. complies with the provisions of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), pursuant to which for the period from 1 January 2019 to 31 December 2021, for small and micro enterprises, the portion of annual taxable income not exceeding RMB1 million is subject to a corporate tax rate of 20% on the basis of 25% of this portion of its taxable income, and the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million is subject to corporate tax rate of 20% on the basis of 50% of this portion of its taxable income.
- (6) Kunming Technology Development Co., Ltd. complies with the provisions of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), pursuant to which for the period from 1 January 2019 to 31 December 2021, for small and micro enterprises, the portion of annual taxable income not exceeding RMB1 million is subject to a corporate tax rate of 20% on the basis of 25% of this portion of its taxable income, and the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million is subject to corporate tax rate of 20% on the basis of 50% of this portion of its taxable income.
- (7) Luoyang Jincheng Construction Supervision Co., Ltd. complies with the provisions of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), pursuant to which for the period from 1 January 2019 to 31 December 2021, for small and micro enterprises, the portion of annual taxable income not exceeding RMB1 million is subject to a corporate tax rate of 20% on the basis of 25% of this portion of its taxable income, and the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million is subject to corporate tax rate of 20% on the basis of 50% of this portion of its taxable income.
- (8) Hunan Huachu Project Management Co., Ltd. complies with the provisions of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), pursuant to which for the period from 1 January 2019 to 31 December 2021, for small and micro enterprises, the portion of annual taxable income not exceeding RMB1 million is subject to a corporate tax rate of 20% on the basis of 25% of this portion of its taxable income, and the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 million is subject to corporate tax rate of 20% on the basis of 50% of this portion of its taxable income.



## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****(1) Monetary fund**

| <b>Category</b>                          | <b>30 June 2021</b>     | <b>1 January 2021</b> |
|------------------------------------------|-------------------------|-----------------------|
| Cash                                     | <b>827,440.77</b>       | 644,341.40            |
| Bank deposit                             | <b>5,388,419,545.63</b> | 6,600,712,134.14      |
| Other monetary fund                      | <b>468,286,900.95</b>   | 679,894,647.79        |
| <b>Total</b>                             | <b>5,857,533,887.35</b> | 7,281,251,123.33      |
| Including: total amount deposited abroad | <b>172,178,843.42</b>   | 74,008,500.74         |

Notes:

- As at 30 June 2021, monetary funds included restricted cash of RMB509,430,688.23, including bank deposits secured for bank guarantees and acceptance bills and frozen deposits;
- As at 30 June 2021, the Company had a total amount of RMB2,263,282,525.88 deposited with Chinalco Finance Company Limited ("Chinalco Finance"), a related non-banking financial institution under common control of China Aluminum Group.

**(2) Notes receivable**

| <b>Category</b>              | <b>30 June 2021</b>  | <b>1 January 2021</b> |
|------------------------------|----------------------|-----------------------|
| Bank's acceptance bills      | <b>10,814,411.68</b> | 8,005,940.92          |
| Commercial acceptance bills  |                      |                       |
| Less: provision for bad debt |                      |                       |
| <b>Total</b>                 | <b>10,814,411.68</b> | 8,005,940.92          |

Notes:

- From January to June 2021, the Company's business model for managing notes receivable includes both collection of contractual cash flow as the target and sales as the target. Therefore, the Company's notes receivable measured at fair value and financial assets where changes are included in other comprehensive income shall be included in the factoring of receivables.
- As of 30 June 2021, the Company had no accounts receivable transferred from notes receivable due to drawer's failure to perform the obligation;
- As of 30 June 2021, the Company had no bank's acceptance bills pledged but not yet due;
- As of 30 June 2021, the Company had no bank's acceptance bills discounted but not yet due;
- As of 30 June 2021, the Company had no bank's acceptance bills endorsed but not yet due.

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(3) Accounts receivable****1. Accounts receivable disclosed by category**

| Category                                                                     | 30 June 2021      |                |                        |                |
|------------------------------------------------------------------------------|-------------------|----------------|------------------------|----------------|
|                                                                              | Carrying balance  |                | Provision for bad debt |                |
|                                                                              | Amount            | Percentage (%) | Amount                 | Percentage (%) |
| Accounts receivable tested for provision for bad debt on an individual basis | 1,135,536,166.09  | 6.71           | 546,056,024.50         | 48.09          |
| Accounts receivable tested for provision for bad debt on a collective basis  | 15,778,944,433.17 | 93.29          | 1,875,513,913.69       | 11.89          |
| Including, Group 1: Expected credit loss group                               | 15,778,944,433.17 | 93.29          | 1,875,513,913.69       | 11.89          |
| Subtotal                                                                     | 15,778,944,433.17 | 93.29          | 1,875,513,913.69       | 11.89          |
| Total                                                                        | 16,914,480,599.26 | 100.00         | 2,421,569,938.19       | 14.32          |

| Category                                                                     | 1 January 2021    |                |                        |                |
|------------------------------------------------------------------------------|-------------------|----------------|------------------------|----------------|
|                                                                              | Carrying balance  |                | Provision for bad debt |                |
|                                                                              | Amount            | Percentage (%) | Amount                 | Percentage (%) |
| Accounts receivable tested for provision for bad debt on an individual basis | 1,143,892,036.69  | 6.10           | 549,216,764.02         | 48.01          |
| Accounts receivable tested for provision for bad debt on a collective basis  | 17,599,556,025.75 | 93.90          | 1,882,540,380.11       | 10.70          |
| Including, Group 1: Expected credit loss group                               | 17,599,556,025.75 | 93.90          | 1,882,540,380.11       | 10.70          |
| Subtotal                                                                     | 17,599,556,025.75 | 93.90          | 1,882,540,380.11       | 10.70          |
| Total                                                                        | 18,743,448,062.44 | 100.00         | 2,431,757,144.13       | 12.97          |

Note: As at 30 June 2021, the amount of pledged accounts receivable was RMB226,644,794.60.

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(3) Accounts receivable (Continued)****1. Accounts receivable disclosed by category (Continued)**

- (1) Accounts receivable tested for provision for bad debt on an individual basis as of 30 June 2021

| Debtor   | Carrying balance | Provision for bad debt | Aging                        | Percentage of expected credit loss (%) | Reason for the provision                                                                 |
|----------|------------------|------------------------|------------------------------|----------------------------------------|------------------------------------------------------------------------------------------|
| Debtor 1 | 270,461,656.45   | 90,361,458.24          | Within 2 years, over 3 years | 33.41                                  | The Company made provisions for credit losses based on the recoverability of the amount. |
| Debtor 2 | 212,855,167.01   | 78,641,751.75          | Over 2 years                 | 36.95                                  | The Company made provisions for credit losses based on the recoverability of the amount. |
| Debtor 3 | 109,541,530.67   | 60,247,841.87          | Within 1 year, 2-3 years     | 55.00                                  | The Company made provisions for credit losses based on the recoverability of the amount. |
| Debtor 4 | 101,979,964.39   | 30,900,871.64          | Within 1 year                | 30.30                                  | The Company made provisions for credit losses based on the recoverability of the amount. |
| Debtor 5 | 66,363,668.67    | 26,545,467.47          | 1-2 years                    | 40.00                                  | The Company made provisions for credit losses based on the recoverability of the amount. |
| Others   | 374,334,178.90   | 259,358,633.53         |                              | 69.29                                  | The Company made provisions for credit losses based on the recoverability of the amount. |
| Total    | 1,135,536,166.09 | 546,056,024.50         | -                            | 48.09                                  | -                                                                                        |

- (2) Accounts receivable tested for provision for bad debt on a collective basis

## Group 1: Expected credit loss group

| Aging             | Carrying balance  | 30 June 2021<br>Percentage of expected credit loss (%) | Provision for bad debt | Carrying balance  | 1 January 2021<br>Percentage of expected credit loss (%) | Provision for bad debt |
|-------------------|-------------------|--------------------------------------------------------|------------------------|-------------------|----------------------------------------------------------|------------------------|
| Within 1 year     | 8,925,963,999.43  | 0.50                                                   | 44,662,274.74          | 10,718,973,390.66 | 0.50                                                     | 53,594,867.45          |
| Between 1-2 years | 3,297,753,606.51  | 10.00                                                  | 329,775,360.88         | 3,419,824,362.31  | 10.00                                                    | 341,982,436.47         |
| Between 2-3 years | 1,533,178,563.02  | 20.00                                                  | 306,635,712.65         | 1,604,061,686.52  | 20.00                                                    | 320,812,337.31         |
| Between 3-4 years | 664,248,436.11    | 30.00                                                  | 199,274,530.89         | 482,257,447.30    | 30.00                                                    | 144,677,234.30         |
| Between 4-5 years | 725,267,587.70    | 50.00                                                  | 362,633,794.13         | 705,931,269.22    | 50.00                                                    | 352,965,634.84         |
| Over 5 years      | 632,532,240.40    | 100.00                                                 | 632,532,240.40         | 668,507,869.74    | 100.00                                                   | 668,507,869.74         |
| Total             | 15,778,944,433.17 | -                                                      | 1,875,513,913.69       | 17,599,556,025.75 | -                                                        | 1,882,540,380.11       |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(3) Accounts receivable (Continued)****2. Provision, recovery or reversal of provision for bad debt from January to June 2021**

From January to June 2021, the provision for bad debt was RMB3,426,463.20; and the recovered or reversed provision for bad debt was RMB1,837,284.66.

Significant recovered or reversed provision for bad debt for the period:

| Entity   | Reversed or recovered amount | Recovery method                           |
|----------|------------------------------|-------------------------------------------|
| Debtor 1 | 750,000.00                   | The outstanding amount has been recovered |
| Debtor 2 | 440,504.66                   | The outstanding amount has been recovered |
| Debtor 3 | 161,000.00                   | The outstanding amount has been recovered |
| Debtor 4 | 136,080.00                   | The outstanding amount has been recovered |
| Debtor 5 | 128,700.00                   | The outstanding amount has been recovered |
| Debtor 6 | 120,000.00                   | The outstanding amount has been recovered |
| Debtor 7 | 101,000.00                   | The outstanding amount has been recovered |
| Total    | 1,837,284.66                 | –                                         |

**3. Significant accounts receivable written off from January to June 2021**

Accounts receivable written off from January to June 2021 amounted to RMB10,675,505.00.

| Entity   | Nature                | Amount written off | Reason for write-off                                                                                                                              | Write-off procedures | Arising from connected transaction or not |
|----------|-----------------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------------------------------------------|
| Debtor 1 | Project payment       | 5,420,325.00       | The amount was unrecoverable as the counterparty was bankrupt and there were no properties available to the bankruptcy creditors for distribution | GM regular meeting   | No                                        |
| Debtor 2 | Material costs        | 5,100,180.00       | The amount was unrecoverable as the counterparty was bankrupt and there were no properties available to the bankruptcy creditors for distribution | GM regular meeting   | No                                        |
| Debtor 3 | Technical service fee | 155,000.00         | The amount was unrecoverable as there was no property available for execution                                                                     | GM regular meeting   | No                                        |
| Total    | –                     | 10,675,505.00      | –                                                                                                                                                 | –                    | –                                         |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(3) Accounts receivable (Continued)****4. Top five debtors of accounts receivable as at the end of the period**

| Entity | Balance as at<br>30 June 2021 | Percentage in<br>total accounts<br>receivable (%) | Balance of<br>provision for<br>bad debt |
|--------|-------------------------------|---------------------------------------------------|-----------------------------------------|
| No. 1  | 550,116,514.24                | 3.25                                              | 31,797,647.20                           |
| No. 2  | 490,821,824.15                | 2.90                                              | 48,643,341.86                           |
| No. 3  | 447,923,099.74                | 2.65                                              | 161,456,615.65                          |
| No. 4  | 344,636,400.09                | 2.04                                              | 1,723,182.00                            |
| No. 5  | 305,765,414.34                | 1.81                                              | 25,420,955.02                           |
| Total  | 2,139,263,252.56              | 12.65                                             | 269,041,741.73                          |

**5. Receivables derecognized on financial assets transfer**

During the reporting period, the Company sold part of its accounts receivable (hereinafter referred to as “underlying assets”) to an ABS plan, and the Company held a portion of subordinated asset-backed securities therein. As the asset manager, the Company provided service for the ABS plan, including asset management, asset recovery, change in underlying assets and other service. From January to June 2021, the balance of accounts receivable sold by the Company to the ABS plan was RMB517,226,157.26, resulting in a loss of RMB25,870,682.82.

As it does not have substantial control over the ABS plan, the Company does not need to consolidate the ABS plan into its financial statements. Meanwhile, since the Company neither transferred nor retained almost all risks and rewards in the ownership of the underlying assets, the Company continues to recognize relevant financial asset to the extent of its continuing involvement in the underlying asset, and recognizes relevant liability accordingly. As of 30 June 2021, the Company had recognized asset of RMB18,900,000.00 in relation to the continuing involvement.

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(4) Factoring of receivables**

| <b>Items</b>        | <b>30 June 2021</b>   | <b>1 January 2021</b> |
|---------------------|-----------------------|-----------------------|
| Notes receivable    | <b>466,408,611.94</b> | 571,448,716.65        |
| Accounts receivable |                       |                       |
| <b>Total</b>        | <b>466,408,611.94</b> | 571,448,716.65        |

Notes:

1. From January to June 2021, the Company's business model for managing notes receivable includes both collection of contractual cash flow as the target and sales as the target. Therefore, the Company's notes receivable measured at fair value and financial assets where changes are included in other comprehensive income shall be included in the factoring of receivables;
2. As of 30 June 2021, the Company had no accounts receivable transferred from notes receivable due to drawer's failure to perform the obligation;
3. As of 30 June 2021, bank's acceptance bills pledged but not yet due amounted to RMB64,513,009.67;
4. As of 30 June 2021, bank's acceptance bills discounted but not yet due amounted to RMB247,176,473.41;
5. As of 30 June 2021, bank's acceptance bills endorsed but not yet due amounted to RMB1,620,252,793.18.

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(5) Prepayments****1. Prepayments presented by aging**

| Aging             | 30 June 2021   |                | 1 January 2021 |                |
|-------------------|----------------|----------------|----------------|----------------|
|                   | Amount         | Percentage (%) | Amount         | Percentage (%) |
| Within 1 year     | 328,982,359.39 | 84.02          | 188,213,964.83 | 74.13          |
| Between 1-2 years | 21,695,411.23  | 5.54           | 33,456,780.60  | 13.18          |
| Between 2-3 years | 36,293,350.92  | 9.27           | 28,579,284.52  | 11.26          |
| Over 3 years      | 4,562,176.53   | 1.17           | 3,641,210.00   | 1.43           |
| Total             | 391,533,298.07 | 100.00         | 253,891,239.95 | 100.00         |

Significant prepayments aged over 1 year

| Creditor                                                                   | Debtor     | 30 June 2021  | Aging                | Reason for<br>unsettlement               |
|----------------------------------------------------------------------------|------------|---------------|----------------------|------------------------------------------|
| China Aluminum<br>International Shandong<br>Chemical Industry Co.,<br>Ltd. | Supplier 1 | 22,411,300.00 | Between<br>2-3 years | Goods have not<br>been delivered<br>yet  |
| China Aluminum<br>International Engineering<br>Corporation Limited         | Supplier 2 | 4,229,704.75  | Between<br>1-2 years | Settlement<br>conditions were<br>not met |
| Chalco Wancheng<br>Shandong Construction<br>Co., Ltd.                      | Supplier 3 | 2,741,243.27  | Between<br>1-3 years | Settlement<br>conditions were<br>not met |
| Total                                                                      | —          | 29,382,248.02 | —                    | —                                        |

**2. Top five entities in terms of prepayments**

| Entity | 30 June 2021  | Percentage<br>in total<br>prepayments (%) |
|--------|---------------|-------------------------------------------|
| No. 1  | 25,789,646.61 | 6.59                                      |
| No. 2  | 25,257,141.08 | 6.45                                      |
| No. 3  | 22,411,300.00 | 5.72                                      |
| No. 4  | 11,018,951.90 | 2.81                                      |
| No. 5  | 10,330,866.67 | 2.64                                      |
| Total  | 94,807,906.26 | 24.21                                     |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(6) Other receivables**

| <b>Category</b>              | <b>30 June 2021</b>     | <b>1 January 2021</b> |
|------------------------------|-------------------------|-----------------------|
| Interests receivable         | <b>23,541.72</b>        | 605,340.88            |
| Dividends receivable         |                         |                       |
| Other receivables            | <b>3,185,452,952.55</b> | 3,136,426,314.01      |
| Less: provision for bad debt | <b>977,591,292.55</b>   | 993,625,011.53        |
| <b>Total</b>                 | <b>2,207,885,201.72</b> | 2,143,406,643.36      |

**1. Interests receivable**

Classification of interests receivable

| <b>Item</b>                  | <b>30 June 2021</b> | <b>1 January 2021</b> |
|------------------------------|---------------------|-----------------------|
| Time deposits                | <b>23,541.72</b>    | 64,733.75             |
| Others                       |                     | 540,607.13            |
| Less: provision for bad debt |                     |                       |
| <b>Total</b>                 | <b>23,541.72</b>    | 605,340.88            |



## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(6) Other receivables (Continued)****2. Other receivables****(1) Other receivables by nature**

| <b>Nature</b>                                         | <b>30 June 2021</b>     | <b>1 January 2021</b> |
|-------------------------------------------------------|-------------------------|-----------------------|
| Financing provided to Party A and its related parties | <b>606,408,804.39</b>   | 860,006,391.53        |
| Retention funds and deposits                          | <b>1,159,345,261.73</b> | 1,033,168,233.69      |
| Advance                                               | <b>1,139,740,323.84</b> | 1,076,193,033.97      |
| Imprest                                               | <b>55,973,320.68</b>    | 25,308,867.28         |
| Others                                                | <b>223,985,241.91</b>   | 141,749,787.54        |
| Subtotal                                              | <b>3,185,452,952.55</b> | 3,136,426,314.01      |
| Less: provision for bad debt                          | <b>977,591,292.55</b>   | 993,625,011.53        |
| Total                                                 | <b>2,207,861,660.00</b> | 2,142,801,302.48      |

Note: In order to actively expand the market and share a win-win result with proprietors, the Company signs a capital arrangement agreement with some proprietors of the engineering contracting projects. In addition to general engineering construction services, the Company also provide the proprietors with a certain amount of financing in support of their completion of designated construction projects. Meanwhile, the Company charges a financing fee at agreed interest rate. As of 30 June 2021, the Company had failed to collect the financing fee or principal due on several capital arrangement agreements, and is actively negotiating with the proprietors and relevant parties. The Company has made judgment based on current progress of relevant construction contracting projects, guarantees provided by the proprietors and relevant parties, as well as negotiations between the Company and the proprietors and relevant parties, and has accrued loss allowance for relevant receivables. The Company believes that, based on the information currently available, the provision for bad debts against such claims is sufficient to cover the risk of recovery.

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(6) Other receivables (Continued)****2. Other receivables (Continued)**

(2) Aging analysis of other receivables

| Aging             | 30 June 2021     |                | 1 January 2021   |                |
|-------------------|------------------|----------------|------------------|----------------|
|                   | Carrying balance | Percentage (%) | Carrying balance | Percentage (%) |
| Within 1 year     | 1,535,334,599.79 | 48.20          | 1,260,589,534.51 | 40.19          |
| Between 1-2 years | 401,140,329.60   | 12.59          | 429,930,347.81   | 13.71          |
| Between 2-3 years | 354,854,158.50   | 11.14          | 276,288,168.52   | 8.81           |
| Between 3-4 years | 213,606,910.61   | 6.71           | 230,942,466.01   | 7.36           |
| Between 4-5 years | 357,710,364.13   | 11.23          | 586,435,085.43   | 18.70          |
| Over 5 years      | 322,806,589.92   | 10.13          | 352,240,711.73   | 11.23          |
| Total             | 3,185,452,952.55 | 100.00         | 3,136,426,314.01 | 100.00         |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(6) Other receivables (Continued)****2. Other receivables (Continued)****(3) Provision for bad debt**

|                                                                | Stage 1               | Stage 2                                                    | Stage 3                                               |                |
|----------------------------------------------------------------|-----------------------|------------------------------------------------------------|-------------------------------------------------------|----------------|
|                                                                | Expected credit loss  | Expected credit loss                                       | Expected credit loss                                  |                |
|                                                                | in the next 12 months | for the entire duration of the life (no credit impairment) | for the entire duration of the life (credit-impaired) | Total          |
| <b>Provision for bad debt</b>                                  |                       |                                                            |                                                       |                |
| Balance as at 1 January 2021                                   | 5,045,414.85          | 82,196,229.58                                              | 906,383,367.10                                        | 993,625,011.53 |
| Balance as at 1 January 2021 after reassessment for the period | 3,453,420.86          | 58,693,419.95                                              | 931,478,170.72                                        | 993,625,011.53 |
| - transfers to stage 2                                         | -1,591,993.99         | 1,591,993.99                                               |                                                       |                |
| - transfers to stage 3                                         |                       | -25,094,803.62                                             | 25,094,803.62                                         |                |
| - transfers back to stage 2                                    |                       |                                                            |                                                       |                |
| - transfers back to stage 1                                    |                       |                                                            |                                                       |                |
| Provision for the period                                       | 2,988,729.54          | 36,082,438.15                                              | -50,718,004.77                                        | -11,646,837.08 |
| Reversal for the period                                        |                       |                                                            | 4,331,525.81                                          | 4,331,525.81   |
| Write-off for the period                                       |                       |                                                            | 52,375.71                                             | 52,375.71      |
| Other changes                                                  |                       |                                                            | -2,980.38                                             | -2,980.38      |
| Balance as at 30 June 2021                                     | 4,850,156.41          | 71,273,048.47                                              | 901,468,087.67                                        | 977,591,292.55 |

Provision for bad debt in stage 3:

| Entity   | Carrying balance | Balance of provision for bad debt | Percentage of expected credit loss (%) | Reasons for categorization                       |
|----------|------------------|-----------------------------------|----------------------------------------|--------------------------------------------------|
| Debtor 1 | 418,261,362.65   | 302,815,050.00                    | 72.40                                  | Based on the recoverability and the actual aging |
| Debtor 2 | 208,512,149.53   | 166,809,719.62                    | 80.00                                  | Based on the recoverability and the actual aging |
| Debtor 3 | 184,873,251.81   | 92,436,625.91                     | 50.00                                  | Based on the recoverability and the actual aging |
| Debtor 4 | 29,723,505.40    | 11,889,402.16                     | 40.00                                  | Based on the recoverability and the actual aging |
| Debtor 5 | 18,646,871.20    | 18,646,871.20                     | 100.00                                 | Based on the recoverability and the actual aging |
| Others   | 400,344,240.33   | 283,775,615.16                    | 70.88                                  | Based on the recoverability and the actual aging |
| Total    | 1,260,361,380.92 | 876,373,284.05                    | 69.53                                  | -                                                |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(6) Other receivables (Continued)****2. Other receivables (Continued)**

- (4) Significant provision for bad debts provided, recovered or reversed from January to June 2021

The amount of provision for bad debts provided from January to June 2021 was RMB-11,646,837.08; and the amount of provision for bad debts recovered or reversed was RMB4,331,525.81.

Significant provision for bad debts recovered or reversed from January to June 2021:

| Entity   | Reversed or<br>recovered<br>amount | Recovery method                 |
|----------|------------------------------------|---------------------------------|
| Debtor 1 | 3,268,265.50                       | Recovery of the relevant amount |
| Debtor 2 | 604,839.38                         | Recovery of the relevant amount |
| Debtor 3 | 434,283.00                         | Recovery of the relevant amount |
| Debtor 4 | 24,137.93                          | Recovery of the relevant amount |
| Total    | 4,331,525.81                       | –                               |

- (5) Significant other receivables written-off from January to June 2021

The other receivables written-off from January to June 2021 were RMB52,375.71.

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(6) Other receivables (Continued)****2. Other receivables (Continued)**

(6) Top five debtors of other receivables as at the end of the period

| Debtor | Nature                                                   | Balance as at<br>30 June 2021 | Aging          | Percentage<br>in total other<br>receivables (%) | Balance of<br>provision<br>for bad debt |
|--------|----------------------------------------------------------|-------------------------------|----------------|-------------------------------------------------|-----------------------------------------|
| No. 1  | Financing provided to Party A<br>and its related parties | 418,275,062.65                | Within 5 years | 13.13                                           | 302,817,220.00                          |
| No. 2  | Retention funds and deposits                             | 212,078,125.00                | Within 1 year  | 6.66                                            | 1,060,390.63                            |
| No. 3  | Advance                                                  | 208,512,149.53                | Within 1 year  | 6.55                                            | 166,809,719.62                          |
| No. 4  | Financing provided to Party A<br>and its related parties | 184,973,251.81                | Over 4 years   | 5.81                                            | 92,536,625.91                           |
| No. 5  | Retention funds and deposits                             | 139,771,212.20                | 2-3 years      | 4.39                                            | 27,954,242.44                           |
| Total  | –                                                        | 1,163,609,801.19              | –              | 36.53                                           | 591,178,198.60                          |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(7) Inventories****1. Classification of inventories**

| Category                            | Carrying balance | 30 June 2021<br>Provisions for<br>impairment | Book value       |
|-------------------------------------|------------------|----------------------------------------------|------------------|
| Raw materials                       | 260,413,115.54   | 2,868,154.30                                 | 257,544,961.24   |
| Work-in-process                     | 1,375,383,504.42 | 80,733,429.62                                | 1,294,650,074.80 |
| Inventories                         | 1,573,217,280.95 | 102,100,693.94                               | 1,471,116,587.01 |
| Revolving materials and spare parts | 26,377,492.56    |                                              | 26,377,492.56    |
| Real estate development costs       | 284,870,290.98   |                                              | 284,870,290.98   |
| Total                               | 3,520,261,684.45 | 185,702,277.86                               | 3,334,559,406.59 |

| Category                            | Carrying balance | 1 January 2021<br>Provisions for<br>impairment | Book value       |
|-------------------------------------|------------------|------------------------------------------------|------------------|
| Raw materials                       | 257,987,456.51   | 11,131,097.07                                  | 246,856,359.44   |
| Work-in-process                     | 1,358,604,154.50 | 80,733,429.62                                  | 1,277,870,724.88 |
| Inventories                         | 1,618,332,523.98 | 106,496,831.80                                 | 1,511,835,692.18 |
| Revolving materials and spare parts | 83,918,878.73    |                                                | 83,918,878.73    |
| Real estate development costs       | 260,666,296.20   |                                                | 260,666,296.20   |
| Total                               | 3,579,509,309.92 | 198,361,358.49                                 | 3,381,147,951.43 |

**2. Additions and reductions to provision for impairment of inventories and contract performance cost**

| Category        | 1 January<br>2021 | Provision<br>for the period | Reduction for the period |               | 30 June<br>2021 |
|-----------------|-------------------|-----------------------------|--------------------------|---------------|-----------------|
|                 |                   |                             | Reversal                 | Write-off     |                 |
| Raw materials   | 11,131,097.07     |                             |                          | 8,262,942.77  | 2,868,154.30    |
| Work-in-process | 80,733,429.62     |                             |                          |               | 80,733,429.62   |
| Inventories     | 106,496,831.80    | 650,000.00                  |                          | 5,046,137.86  | 102,100,693.94  |
| Total           | 198,361,358.49    | 650,000.00                  |                          | 13,309,080.63 | 185,702,277.86  |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(8) Contract assets****1. Contract assets category**

| Item                                                                       | Carrying balance        | 30 June 2021<br>Provisions for<br>impairment | Book value              |
|----------------------------------------------------------------------------|-------------------------|----------------------------------------------|-------------------------|
| Contract assets tested for provision for impairment on an individual basis | 1,378,027,243.54        | 592,069,653.84                               | 785,957,589.70          |
| Contract assets tested for provision for impairment on a collective basis  | 7,933,856,310.55        | 102,744,507.62                               | 7,831,111,802.93        |
| Group 1: contract assets not delivered to customers for use                | 7,637,006,317.06        | 38,238,775.80                                | 7,598,767,541.26        |
| Group 2: contract assets delivered to customers for use                    | 296,849,993.49          | 64,505,731.82                                | 232,344,261.67          |
| <b>Total</b>                                                               | <b>9,311,883,554.09</b> | <b>694,814,161.46</b>                        | <b>8,617,069,392.63</b> |

| Item                                                                       | Carrying balance        | 1 January 2021<br>Provisions for<br>impairment | Book value              |
|----------------------------------------------------------------------------|-------------------------|------------------------------------------------|-------------------------|
| Contract assets tested for provision for impairment on an individual basis | 1,245,996,105.72        | 587,483,154.80                                 | 658,512,950.92          |
| Contract assets tested for provision for impairment on a collective basis  | 6,721,574,514.51        | 99,751,357.93                                  | 6,621,823,156.58        |
| Group 1: contract assets not delivered to customers for use                | 6,439,539,904.44        | 32,187,508.16                                  | 6,407,352,396.28        |
| Group 2: contract assets delivered to customers for use                    | 282,034,610.07          | 67,563,849.77                                  | 214,470,760.30          |
| <b>Total</b>                                                               | <b>7,967,570,620.23</b> | <b>687,234,512.73</b>                          | <b>7,280,336,107.50</b> |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(8) Contract assets (Continued)****2. Provision for impairment of contract assets**

- (1) As of 30 June 2021, contract assets tested for provision for impairment on an individual basis as at the end of the period

| Item        | Carrying balance | Provision for impairment | Percentage of expected credit loss (%) | Reasons for provision                                                                 |
|-------------|------------------|--------------------------|----------------------------------------|---------------------------------------------------------------------------------------|
| Item 1      | 169,963,001.44   | 152,937,766.85           | 89.98                                  | Impairment of assets was made based on project implementation and expected settlement |
| Item 2      | 164,653,047.76   | 164,653,047.76           | 100.00                                 | Impairment of assets was made based on project implementation and expected settlement |
| Item 3      | 44,540,729.96    | 3,164,257.67             | 7.10                                   | Impairment of assets was made based on project implementation and expected settlement |
| Item 4      | 43,815,050.70    | 43,815,050.70            | 100.00                                 | Impairment of assets was made based on project implementation and expected settlement |
| Other items | 955,055,413.68   | 227,499,530.86           | 23.82                                  | Impairment of assets was made based on project implementation and expected settlement |
| Total       | 1,378,027,243.54 | 592,069,653.84           | 42.97                                  | -                                                                                     |



## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(8) Contract assets (Continued)****2. Provision for impairment of contract assets (Continued)**

(2) Contract assets tested for provision for impairment on a collective basis

| Item                                                        | Carrying balance | 30 June 2021                           | Provision for impairment |
|-------------------------------------------------------------|------------------|----------------------------------------|--------------------------|
|                                                             |                  | Percentage of expected credit loss (%) |                          |
| Group 1: contract assets not delivered to customers for use | 7,637,006,317.06 | 0.50                                   | 38,238,775.80            |
| Group 2: contract assets delivered to customers for use     | 296,849,993.49   | 21.73                                  | 64,505,731.82            |
| Total                                                       | 7,933,856,310.55 | 1.30                                   | 102,744,507.62           |

| Item                                                        | Carrying balance | 1 January 2021                         | Provision for impairment |
|-------------------------------------------------------------|------------------|----------------------------------------|--------------------------|
|                                                             |                  | Percentage of expected credit loss (%) |                          |
| Group 1: contract assets not delivered to customers for use | 6,439,539,904.44 | 0.50                                   | 32,187,508.16            |
| Group 2: contract assets delivered to customers for use     | 282,034,610.07   | 23.96                                  | 67,563,849.77            |
| Total                                                       | 6,721,574,514.51 | 1.48                                   | 99,751,357.93            |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(8) Contract assets (Continued)****2. Provision for impairment of contract assets (Continued)**

- (3) Provision for impairment of contract assets accrued or reversed for the period

The amount of provision for impairment accrued for the period was RMB16,273,386.51; the amount of provision for impairment reversed for the period was RMB8,471,478.11.

Significant provision for bad debts recovered or reversed from January to June 2021:

| Entity | Reversed or recovered amount | Recovery method                 |
|--------|------------------------------|---------------------------------|
| Item 1 | 3,492,779.99                 | Recovery of the relevant amount |
| Item 2 | 3,484,173.70                 | Recovery of the relevant amount |
| Item 3 | 950,825.92                   | Recovery of the relevant amount |
| Item 4 | 543,698.50                   | Recovery of the relevant amount |
| Total  | 8,471,478.11                 | –                               |

**(9) Non-current assets due within a year**

| Item                                    | 30 June 2021          | 1 January 2021 |
|-----------------------------------------|-----------------------|----------------|
| Long-term receivables due within a year | <b>692,713,880.65</b> | 754,276,838.04 |
| Less: provision for bad debt            | <b>26,597,365.72</b>  | 26,983,862.10  |
| Total                                   | <b>666,116,514.93</b> | 727,292,975.94 |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(10) Other current-assets**

| Item                 | 30 June 2021          | 1 January 2021 |
|----------------------|-----------------------|----------------|
| Deductible VAT input | <b>595,662,854.98</b> | 575,119,572.80 |
| Prepaid income tax   | <b>41,675,898.37</b>  | 37,631,781.37  |
| Others               | <b>3,528,391.40</b>   |                |
| Total                | <b>640,867,144.75</b> | 612,751,354.17 |

**(11) Long-term receivables****1. Particulars of long-term receivables**

| Item                                                    | 30 June 2021            | 1 January 2021   |
|---------------------------------------------------------|-------------------------|------------------|
| Repurchase payment under BT contract                    | <b>631,930,960.63</b>   | 688,204,575.95   |
| Long-term receivables from customers                    | <b>2,013,775,558.91</b> | 2,053,607,347.12 |
| Less: provision for bad debt                            | <b>290,616,238.90</b>   | 291,336,421.05   |
| <b>Total book value</b>                                 | <b>2,355,090,280.64</b> | 2,450,475,502.02 |
| Including: long-term receivables due within<br>one year | <b>666,116,514.93</b>   | 727,292,975.94   |
| <b>Presented in long-term receivables</b>               | <b>1,688,973,765.71</b> | 1,723,182,526.08 |

Note: Pursuant to the engineering project contracting agreement or financing agreement signed between the Group and the proprietor or its related parties, the Group, in addition to general engineering construction service, provides a certain amount of financing to the proprietor and its related parties in support of their preliminary expenditures of designated construction projects. The above-mentioned financing will be repaid within a certain period of time.

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(11) Long-term receivables (Continued)****2. Accrual of provision for bad debt of long-term receivables**

| <b>Item</b>                           | <b>Closing balance</b> | Opening balance |
|---------------------------------------|------------------------|-----------------|
| Balance at the beginning of the year  | <b>291,336,421.05</b>  | 95,773,028.70   |
| Provision for the year                | <b>-720,182.15</b>     | 78,113,392.35   |
| Reversal for the year                 |                        |                 |
| Write off for the year                |                        |                 |
| Other changes                         |                        | 117,450,000.00  |
| <b>Balance at the end of the year</b> | <b>290,616,238.90</b>  | 291,336,421.05  |

## SECTION 10 FINANCIAL REPORT

## 5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## (12) Long-term equity investment

| Investee                                                                         | Increase for the period |                         |                        |                                                        |                                           |                      | Closing balance of provision for impairment |                                   |                          |                |              |
|----------------------------------------------------------------------------------|-------------------------|-------------------------|------------------------|--------------------------------------------------------|-------------------------------------------|----------------------|---------------------------------------------|-----------------------------------|--------------------------|----------------|--------------|
|                                                                                  | 1 January 2021          | Increase in investments | Decrease in investment | Investment gain or loss recognized under equity method | Adjustments to other comprehensive income | Other equity changes |                                             | Cash dividends or profit declared | Provision for impairment | Others         | 30 June 2021 |
| 1. Joint ventures                                                                |                         |                         |                        |                                                        |                                           |                      |                                             |                                   |                          |                |              |
| Shanghai Fengtong Equity Investment Fund Partnership (Limited Partner)           | 8,896,248.22            |                         |                        | 43,649.16                                              |                                           |                      |                                             |                                   |                          | 8,939,897.38   |              |
| Zhongji Sunward Technology Co., Ltd.                                             | 51,263,914.75           |                         |                        | -3,665,690.00                                          |                                           |                      |                                             |                                   |                          | 47,598,224.75  |              |
| Subtotal                                                                         | 60,160,162.97           |                         |                        | -3,622,040.84                                          |                                           |                      |                                             |                                   |                          | 56,538,122.13  |              |
| 2. Associates                                                                    |                         |                         |                        |                                                        |                                           |                      |                                             |                                   |                          |                |              |
| Zhuzhou Tianqiao Crane Co., Ltd.                                                 | 174,004,652.51          |                         |                        | 275,141.16                                             |                                           |                      |                                             |                                   |                          | 174,279,793.67 |              |
| Taikang Haowen Construction Co., Ltd.                                            | 108,640,000.00          |                         |                        |                                                        |                                           |                      |                                             |                                   |                          | 108,640,000.00 |              |
| Luodi Haochuang Development and Construction Co. Ltd.                            | 100,000,000.00          |                         |                        |                                                        |                                           |                      |                                             |                                   |                          | 100,000,000.00 |              |
| Guangdong Qiaolv Chuangxiang Equity Investment Partnership (Limited Partner)     | 98,384,105.91           |                         |                        | 713,473.89                                             |                                           |                      |                                             |                                   |                          | 99,097,579.80  |              |
| China Aluminum South Aluminum (Fujian) Aluminum Structure Technology Co., Ltd.   | 55,424,710.81           |                         |                        | 183,189.38                                             |                                           |                      |                                             |                                   |                          | 55,607,900.19  |              |
| Yunnan Ningyong Highway Co. Ltd.                                                 | 30,000,000.00           |                         |                        |                                                        |                                           |                      |                                             |                                   |                          | 30,000,000.00  |              |
| Yunnan Linyun Highway Co. Ltd.                                                   | 30,000,000.00           |                         |                        |                                                        |                                           |                      |                                             |                                   |                          | 30,000,000.00  |              |
| Yunnan Linshuang Expressway Co., Ltd.                                            | 30,000,000.00           |                         |                        |                                                        |                                           |                      |                                             |                                   |                          | 30,000,000.00  |              |
| Sichuan Chuanan Rail Transit Operation Co., Ltd.                                 | 29,292,344.68           |                         |                        | 824,254.15                                             |                                           |                      |                                             |                                   |                          | 30,116,598.83  |              |
| Guizhou Tongye Construction Development Co., Ltd.                                | 20,542,397.23           |                         |                        | -636,748.75                                            |                                           |                      |                                             |                                   |                          | 19,905,648.48  |              |
| Chalco Tendering Company Limited                                                 | 18,293,585.78           |                         |                        | 4,937,500.00                                           |                                           |                      |                                             |                                   |                          | 23,231,085.78  |              |
| Chinalco Environmental Protection and Energy Saving Technology (Hunan) Co., Ltd. | 17,318,343.54           |                         |                        | 1,464,809.87                                           |                                           |                      |                                             |                                   |                          | 18,783,153.41  |              |

## (12) Long-term equity investment (Continued)

| Investee                                                                         | Increase for the period |                         |                        |                                                        |                                           |                      |                                   | Closing balance of provision for impairment |
|----------------------------------------------------------------------------------|-------------------------|-------------------------|------------------------|--------------------------------------------------------|-------------------------------------------|----------------------|-----------------------------------|---------------------------------------------|
|                                                                                  | 1 January 2021          | Increase in investments | Decrease in investment | Investment gain or loss recognized under equity method | Adjustments to other comprehensive income | Other equity changes | Cash dividends or profit declared | Provision for impairment                    |
|                                                                                  |                         |                         |                        |                                                        |                                           |                      |                                   | 30 June 2021                                |
| Tongchuan Zhaolin Cezire College Construction and Operation Management Co., Ltd. | 13,816,977.58           |                         |                        | -1,550,138.30                                          |                                           |                      |                                   | 12,260,839.28                               |
| China Construction Aluminum Advanced Material Henan Co., Ltd.                    | 11,357,391.37           |                         |                        | 88,664.98                                              |                                           |                      |                                   | 11,446,046.35                               |
| Shaanxi Zhonghang Construction and Installation Co., Ltd.                        | 11,546,820.07           |                         |                        | 101,359.06                                             |                                           |                      |                                   | 11,648,179.13                               |
| Chinabco Environmental Protection and Ecological Technology (Hunan) Co., Ltd.    | 9,305,593.25            |                         |                        | 858,231.39                                             |                                           | 349,939.96           |                                   | 10,513,764.60                               |
| Chinabco Intelligent (Hangzhou) Safety Science Research Institute Co., Ltd.      | 7,296,190.52            |                         |                        | 670,742.63                                             |                                           |                      |                                   | 7,966,933.15                                |
| Chalco-Steering Intelligent Technology Co., Ltd.                                 | 5,753,055.92            |                         |                        | -552,345.00                                            |                                           |                      |                                   | 5,200,710.92                                |
| Luoyang Hua Zhong Aluminum Co., Ltd.                                             |                         |                         |                        |                                                        |                                           |                      |                                   | 27,844,436.04                               |
| Jiangsu Nonferrous Metal Rabily Industrial Co., Ltd.                             |                         |                         |                        |                                                        |                                           |                      |                                   | 12,001,815.11                               |
| Xi'an Overall Urban-rural Construction and Investment Co., Ltd.                  | 10,173,597.13           | 3,300,000.00            |                        | -705,080.71                                            |                                           |                      | -74,057.66                        | 8,372,324.38                                |
| Others                                                                           |                         |                         |                        |                                                        |                                           |                      |                                   |                                             |
| Subtotal                                                                         | 781,149,756.30          | 3,300,000.00            |                        | 6,667,103.75                                           |                                           | 349,939.96           | -74,057.66                        | 791,392,742.35                              |
| Total                                                                            | 841,309,919.27          | 3,300,000.00            |                        | 3,045,062.91                                           |                                           | 349,939.96           | -74,057.66                        | 847,930,864.48                              |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(12) Long-term equity investment (Continued)**

Notes:

1. Shanghai Fengtong Equity Investment Fund Partnership (Limited Partner) (hereafter "Shanghai Fengtong Fund") was established by Shanghai Ample Harvest Equity Investments Management Company Limited (hereafter "Harvest Equity") as a general partner in late 2013. Harvest Equity made capital contribution of RMB10,000,000.00; The parent company of Harvest Equity, Harvest Capital Management Company Limited ("Harvest Capital") as a limited partner, made capital contribution of RMB2,000,000,000.00; the Company as a limited partner, made capital contribution of RMB40,000,000.00; Another limited partner made capital contribution of RMB50,000,000.00. During the year of 2014, the Company signed a series of supplemental contracts with other relevant parties and obtained jointly control over Shanghai Fengtong Fund because that the decision about the main activities of the partnership required the unanimous consent of the Company and the other parties. As agreed, Harvest Capital will withdraw its capital contribution within three years. During the three-year investment period of Harvest Capital, return on investment will be distributed in the following order: Shanghai Fengtong Fund will give priority to the payment of interest at 8.30% annualized rate of return to Harvest Capital, and then distribute expected return at 8.30% annualized rate to limited partners. Any residual return upon Harvest Capital's withdrawal will be distributed to Harvest Equity and the Company on a 1:1 basis as to debt investments and on a 3:7 basis as to equity investments. If Shanghai Fengtong Fund fails to pay the principal and expected return to Harvest Capital as agreed above, the Company must immediately make up for the unpaid portion, upon which the Company has the right to receive liquidity support from Harvest Equity. As of the reporting date of this report, Shanghai Fengtong Fund has returned the capital contribution of Harvest Capital, and the Company has been discharged from the obligation to make up for any deficiency. Meanwhile, The Group is considering the withdrawal from Shanghai Fengtong Fund whereas the relevant work is in progress. The Company measures the long-term equity investment at the end of the period at the best estimate of the share of assets expected to be received upon its withdrawal from the partnership.
2. In February 2015, Zhongji Sunward Technology Co., Ltd. ("Zhongji Sunward") was jointly established by the Company and Sunward Intelligent Equipment Co., Ltd. The Company holds 49% equity and voting right in Zhongji Sunward. According to the articles of association of Zhongji Sunward, decisions on its major issues and activities require two-third majority approval at the board of directors and the general meeting, so the Company has joint control over Zhongji Sunward.
3. Though holding less than 20% equity in Luoyang Hua Zhong Aluminum Co., Ltd., the Company has assigned one or more directors and has significant influence over it. So, Luoyang Hua Zhong Aluminum Co., Ltd. is regarded as an associate of the Company.
4. Mr. WANG Yonghong, Vice President of the Company, has been a director of Zhuzhou Tianqiao Crane Co., Ltd. since November 2019. As the Company can exert a significant influence on it, the Company shifts to the equity method to account for its equity investment.
5. In 2019, the Company appointed Beijing Zhongtonghua Asset Evaluation Co., Ltd. to assess the market value of 19 patented technologies of its subsidiary Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy. The appraised value was RMB24 million (Appraisal Report No.: Zhong Tong Hua Ping Bao Zi (2019) No.020874). The Company made capital contribution with the above patented technologies to establish Chinalco Environmental Protection and Energy Saving Technology (Hunan) Co., Ltd. jointly with Chinalco Environmental Protection and Energy Saving Group. The Company holds 49% equity and voting rights and has significant influence, so it is an associate of the Company.
6. In 2019, the Company appointed Woxen (Beijing) International Asset Evaluation Co., Ltd. to assess market value of the intelligent information asset group of its subsidiary, China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd.. The appraised value was RMB11.0132 million (Appraisal Report No.: Woxen Ping Bao Zi [2019] No.1052). The Company made capital contribution with the above asset group to establish Chinalco Intelligent (Hangzhou) Safety Science Research Institute Co., Ltd. jointly with Chinalco Intelligent Technology Development Co., Ltd. The Company holds 49% equity and voting rights and has significant influence, so it is an associate of the Company.

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(12) Long-term equity investment (Continued)**

Notes: (Continued)

7. In 2019, the Company appointed Beijing Zhongtonghua Asset Evaluation Co., Ltd. to assess the market value of some electronic equipment and intangible assets of its subsidiary Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy. The appraised value was RMB7.3507 million (Appraisal Report No.: Zhong Tong Hua Ping Bao Zi (2019) No.020967). The Company made capital contribution with the ownership over the above assets to establish Chinalco Environmental Protection and Ecological Technology (Hunan) Co., Ltd. jointly with Chinalco Environmental Protection and Energy Saving Group. The Company holds 49% equity and voting rights and has significant influence, so it is an associate of the Company.

The impact of non-monetary capital contribution in the above (6), (7) and (8) and inter-company unrealized profit involving associates was eliminated in proportion to our shareholding when adjusting profit or loss using the equity method.

8. The Company and Shenzhen OCT Industrial Equity Investment Fund Management Co., Ltd. ("Shenzhen OCT") entered into a partnership agreement at the end of December 2019 to jointly fund the establishment of Guangdong Qiaolv Chuangxiang Equity Investment Partnership (Limited Partner) ("Guangdong Qiaolv"). Shenzhen OCT, as an executive partner, is entitled to represent Guangdong Qiaolv in entering into contracts and reaching other agreements, commitments and appointing managers to provide assistance in the management and execution of the above-mentioned matters. The Company, as a limited partner, is entitled to distribute profits and bear losses according to the proportion of capital contributions, therefore it is calculated using equity method.
9. Panzhou Haohong Project Management Co., Ltd. (hereinafter referred to as "Panxian Haohong") was jointly established by Sixth Metallurgical Construction Co., Ltd. (hereinafter referred to as "Sixth Metallurgical Company"), a wholly-owned subsidiary of the Company, and another shareholder, Panxian Panzhou Ancient City Development and Management Co., Ltd. (hereinafter referred to as "Panzhou Ancient City Development"), which was held as to 30% and 70% by Sixth Metallurgical Company and Panzhou Ancient City Development, respectively. The articles of association of Panxian Haohong stipulates that the resolutions of the shareholders meeting to amend the articles of association, the increase or decrease in the registered capital, and merging, splitting, dissolving or changing of the form of the company must be approved by shareholders representing more than two-thirds of the voting rights. For resolutions regarding other matters, they must be approved by shareholders representing more than half of the voting rights. Sixth Metallurgical Company has 70% of the voting rights in the shareholders' meeting, and Panzhou Ancient City Development has 30% of the voting rights. Resolutions of the board of directors must be passed by more than two-thirds of all directors. Panxian Haohong has 3 board members, including 2 directors appointed by Sixth Metallurgical Company and 1 director appointed by Panzhou Ancient City Development. Therefore, the Company can control Panxian Haohong, and it was consolidated into the Company's financial statements.



## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(13) Other equity instrument investments**

| Item                                                            | Investment cost      | Balance as at 1 January 2021 | Balance as at 30 June 2021 | Dividend income recognized from January to June 2021 | Accumulated gains and losses from January to June 2021 transferred from other comprehensive income to retained earnings | Reason for transfer |
|-----------------------------------------------------------------|----------------------|------------------------------|----------------------------|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|---------------------|
| Guizhou Aerospace Wujiang Electromechanical Equipment Co., Ltd. | 9,972,660.00         | 15,489,065.86                | 15,197,977.06              |                                                      |                                                                                                                         |                     |
| Shandong Yixing Carbon New Materials Co., Ltd.                  | 18,000,000.00        | 3,486,924.70                 | 2,812,080.77               |                                                      |                                                                                                                         |                     |
| Others                                                          | 24,180,000.00        | 22,587,588.14                | 22,587,588.14              | 580,528.74                                           |                                                                                                                         |                     |
| <b>Total</b>                                                    | <b>52,152,660.00</b> | <b>41,563,578.70</b>         | <b>40,597,645.97</b>       | <b>580,528.74</b>                                    |                                                                                                                         |                     |

**(14) Other non-current financial assets**

| Category                                                                             | 30 June 2021         | 1 January 2021 |
|--------------------------------------------------------------------------------------|----------------------|----------------|
| Subordinated shares in China Securities – CHALIECO 2019 Accounts Receivable ABS Plan | <b>18,900,000.00</b> | 18,900,000.00  |
| <b>Total</b>                                                                         | <b>18,900,000.00</b> | 18,900,000.00  |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(15) Investment property****1. Investment property measured at cost**

| Item                                                         | Housings<br>and buildings | Land use right | Total          |
|--------------------------------------------------------------|---------------------------|----------------|----------------|
| I. Original value                                            |                           |                |                |
| 1. 1 January 2021                                            | 432,857,256.65            | 181,822,148.79 | 614,679,405.44 |
| 2. Additions for the period                                  |                           |                |                |
| (1) Outsourcing                                              |                           |                |                |
| (2) Transferred from<br>inventories, fixed assets<br>or CIP  |                           |                |                |
| (3) Other additions                                          |                           |                |                |
| 3. Reductions for the period                                 | 1,529,572.00              |                | 1,529,572.00   |
| (1) Disposal                                                 |                           |                |                |
| (2) Transferred out                                          | 1,529,572.00              |                | 1,529,572.00   |
| 4. 30 June 2021                                              | 431,327,684.65            | 181,822,148.79 | 613,149,833.44 |
| II. Accumulated depreciation and<br>accumulated amortization |                           |                |                |
| 1. 1 January 2021                                            | 81,148,643.99             | 30,784,754.84  | 111,933,398.83 |
| 2. Additions for the period                                  | 6,301,604.46              | 2,460,462.87   | 8,762,067.33   |
| (1) Provision or amortization                                | 6,301,604.46              | 2,460,462.87   | 8,762,067.33   |
| (2) Other additions                                          |                           |                |                |
| 3. Reductions for the period                                 |                           |                |                |
| (1) Disposal                                                 |                           |                |                |
| (2) Transferred out                                          |                           |                |                |
| 4. 30 June 2021                                              | 87,450,248.45             | 33,245,217.71  | 120,695,466.16 |
| III. Provision for impairment                                |                           |                |                |
| 1. 1 January 2021                                            |                           |                |                |
| 2. Additions for the period                                  |                           |                |                |
| 3. Reductions for the period                                 |                           |                |                |
| 4. 30 June 2021                                              |                           |                |                |
| IV. Book value                                               |                           |                |                |
| 1. As at end of the period                                   | 343,877,436.20            | 148,576,931.08 | 492,454,367.28 |
| 2. As at beginning of the period                             | 351,708,612.66            | 151,037,393.95 | 502,746,006.61 |

## SECTION 10 FINANCIAL REPORT

## 5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## (16) Fixed assets

| Category                       | 30 June 2021            | 1 January 2021   |
|--------------------------------|-------------------------|------------------|
| Fixed assets                   | <b>2,257,899,374.94</b> | 2,329,863,903.49 |
| Fixed assets pending disposal  |                         |                  |
| Less: provision for impairment | <b>1,058,216.90</b>     | 1,058,216.90     |
| Total                          | <b>2,256,841,158.04</b> | 2,328,805,686.59 |

## 1. Fixed assets

## (1) Particulars of fixed assets

| Item                         | Housings and buildings | Machinery equipment | Transportation vehicles | Office equipment and others | Total            |
|------------------------------|------------------------|---------------------|-------------------------|-----------------------------|------------------|
| I. Original value            |                        |                     |                         |                             |                  |
| 1. 1 January 2021            | 2,572,307,917.16       | 881,029,904.63      | 259,124,789.37          | 394,089,411.96              | 4,106,552,023.12 |
| 2. Additions for the period  | 1,985,141.62           | 8,219,162.86        | 3,974,270.36            | 11,502,643.48               | 25,681,218.32    |
| (1) Purchased                | 455,569.62             | 3,623,328.75        | 3,974,270.36            | 11,498,665.39               | 19,551,834.12    |
| (2) Transferred from CIP     |                        | 4,544,579.11        |                         |                             | 4,544,579.11     |
| (3) Other additions          | 1,529,572.00           | 51,255.00           |                         | 3,978.09                    | 1,584,805.09     |
| 3. Reductions for the period | 30,702,336.93          | 26,750,657.34       | 2,886,643.43            | 3,864,000.47                | 64,203,638.17    |
| (1) Disposal or scraping     | 30,702,336.93          | 26,750,657.34       | 2,886,643.43            | 3,863,014.36                | 64,202,652.06    |
| (2) Other reductions         |                        |                     |                         | 986.11                      | 986.11           |
| 4. 30 June 2021              | 2,543,590,721.85       | 862,498,410.15      | 260,212,416.30          | 401,728,054.97              | 4,068,029,603.27 |
| II. Accumulated depreciation |                        |                     |                         |                             |                  |
| 1. 1 January 2021            | 683,527,781.32         | 631,228,031.46      | 189,602,829.59          | 272,329,477.26              | 1,776,688,119.63 |
| 2. Additions for the period  | 40,832,796.77          | 21,370,238.00       | 8,349,048.38            | 15,506,090.59               | 86,058,173.74    |
| (1) Provision                | 40,832,796.77          | 21,370,238.00       | 8,349,048.38            | 15,506,090.59               | 86,058,173.74    |
| (2) Other additions          |                        |                     |                         |                             |                  |
| 3. Reductions for the period | 20,952,750.04          | 25,960,706.95       | 2,072,050.65            | 3,630,557.40                | 52,616,065.04    |
| (1) Disposal or scraping     | 20,952,750.04          | 25,960,706.95       | 2,072,050.65            | 3,602,052.98                | 52,587,560.62    |
| (2) Other reductions         |                        |                     |                         |                             |                  |
| 4. 30 June 2021              | 703,407,828.05         | 626,637,562.51      | 195,879,827.32          | 284,205,010.45              | 1,810,130,228.33 |

## SECTION 10 FINANCIAL REPORT

## 5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## (16) Fixed assets (Continued)

## 1. Fixed assets (Continued)

(1) Particulars of fixed assets (Continued)

| Item                             | Housings and buildings | Machinery equipment | Transportation vehicles | Office equipment and others | Total            |
|----------------------------------|------------------------|---------------------|-------------------------|-----------------------------|------------------|
| III. Provision for impairment    |                        |                     |                         |                             |                  |
| 1. 1 January 2021                | 231,752.96             | 685,113.94          | 141,350.00              |                             | 1,058,216.90     |
| 2. Additions for the period      |                        |                     |                         |                             |                  |
| 3. Reductions for the period     |                        |                     |                         |                             |                  |
| 4. 30 June 2021                  | 231,752.96             | 685,113.94          | 141,350.00              |                             | 1,058,216.90     |
| IV. Book value                   |                        |                     |                         |                             |                  |
| 1. As at end of the period       | 1,839,951,140.84       | 235,175,733.70      | 64,191,238.98           | 117,523,044.52              | 2,256,841,158.04 |
| 2. As at beginning of the period | 1,888,548,382.88       | 249,116,759.23      | 69,380,609.78           | 121,759,934.70              | 2,328,805,686.59 |

## 2. Fixed asset for which the title certificate has not been obtained

| Item                    | Book value     | Reasons for not obtaining the title certificate |
|-------------------------|----------------|-------------------------------------------------|
| Housings and buildings  | 121,578,235.19 | In progress                                     |
| Transportation vehicles | 224,132.47     | In progress                                     |
| Total                   | 121,802,367.66 | —                                               |

## 3. Fixed assets fully depreciated but still in use

| Category                    | Original value | Accumulated depreciation | Provision for impairment | Book value    |
|-----------------------------|----------------|--------------------------|--------------------------|---------------|
| Housings and buildings      | 79,886,916.32  | 77,113,617.52            | 231,752.96               | 2,541,545.84  |
| Machinery equipment         | 316,497,291.73 | 299,545,590.76           | 685,113.94               | 16,266,587.03 |
| Transportation vehicles     | 87,824,685.01  | 83,499,182.30            |                          | 4,325,502.71  |
| Office equipment and others | 123,987,036.66 | 117,926,330.78           |                          | 6,060,705.88  |
| Total                       | 608,195,929.72 | 578,084,721.36           | 916,866.90               | 29,194,341.46 |

## SECTION 10 FINANCIAL REPORT

## 5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## (17) Construction in progress

| Category                       | 30 June 2021   | 1 January 2021 |
|--------------------------------|----------------|----------------|
| CIP projects                   | 357,216,037.90 | 324,078,307.65 |
| Construction materials         |                |                |
| Less: provision for impairment |                |                |
| Total                          | 357,216,037.90 | 324,078,307.65 |

## 1. CIP projects

## (1) Basic information of CIP

| Item                                            | Carrying balance | 30 June 2021<br>Provision for impairment | Book value     | Carrying balance | 1 January 2021<br>Provision for impairment | Book value     |
|-------------------------------------------------|------------------|------------------------------------------|----------------|------------------|--------------------------------------------|----------------|
| Yue Liang Wan Health Project                    | 330,716,404.19   |                                          | 330,716,404.19 | 300,351,320.88   |                                            | 300,351,320.88 |
| Office renovation for Six Metallurgical Company | 11,402,576.84    |                                          | 11,402,576.84  | 9,962,639.36     |                                            | 9,962,639.36   |
| Others                                          | 15,097,056.87    |                                          | 15,097,056.87  | 13,764,347.41    |                                            | 13,764,347.41  |
| Total                                           | 357,216,037.90   |                                          | 357,216,037.90 | 324,078,307.65   |                                            | 324,078,307.65 |

## 2. Significant changes in CIP

| Item                                            | Budget amount  | 1 January 2021 | Additions     | Transferred to fixed assets | Other reductions | 30 June 2021   |
|-------------------------------------------------|----------------|----------------|---------------|-----------------------------|------------------|----------------|
| Yue Liang Wan Health Project                    | 498,000,000.00 | 300,351,320.88 | 30,365,083.31 |                             |                  | 330,716,404.19 |
| Office renovation for Six Metallurgical Company | 10,000,000.00  | 9,962,639.36   | 1,439,937.48  |                             |                  | 11,402,576.84  |
| Total                                           | -              | 310,313,960.24 | 31,805,020.79 |                             |                  | 342,118,981.03 |

| Project                                         | Percentage of project investment to budget (%) | Project progress (%) | Accumulated capitalized interest | Including: interest capitalized for the period | Capitalization rate of interest for the period (%) | Source of funds       |
|-------------------------------------------------|------------------------------------------------|----------------------|----------------------------------|------------------------------------------------|----------------------------------------------------|-----------------------|
| Yue Liang Wan Health Project                    | 67.88                                          | 88.00                | 5,144,302.04                     | 5,144,302.04                                   | 5.64                                               | Funded by the Company |
| Office renovation for Six Metallurgical Company | 100.00                                         | 100.00               |                                  |                                                |                                                    | Funded by the Company |
| Total                                           | -                                              | -                    | 5,144,302.04                     | 5,144,302.04                                   | -                                                  | -                     |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(18) Right-of-use assets**

| Item                             | Housings and<br>buildings | Machinery, transportation<br>and office equipment | Total         |
|----------------------------------|---------------------------|---------------------------------------------------|---------------|
| I. Original value                |                           |                                                   |               |
| 1. 1 January 2021                | 29,331,967.34             | 516,320.50                                        | 29,848,287.84 |
| 2. Additions for the period      | 1,319,574.68              |                                                   | 1,319,574.68  |
| (1) New lease                    | 1,319,574.68              |                                                   | 1,319,574.68  |
| 3. Reductions for the period     | 144,681.17                |                                                   | 144,681.17    |
| (1) Disposal                     | 144,681.17                |                                                   | 144,681.17    |
| 4. Balance as at 30 June 2021    | 30,506,860.85             | 516,320.50                                        | 31,023,181.35 |
| II. Accumulated depreciation     |                           |                                                   |               |
| 1. 1 January 2021                | 16,943,204.51             | 404,369.58                                        | 17,347,574.09 |
| 2. Additions for the period      | 4,136,092.86              | 33,697.47                                         | 4,169,790.33  |
| (1) Provision                    | 4,136,092.86              | 33,697.47                                         | 4,169,790.33  |
| 3. Reductions for the period     |                           |                                                   |               |
| (1) Disposal                     |                           |                                                   |               |
| 4. Balance as at 30 June 2021    | 21,079,297.37             | 438,067.05                                        | 21,517,364.42 |
| III. Provision for impairment    |                           |                                                   |               |
| 1. 1 January 2021                |                           |                                                   |               |
| 2. Additions for the period      |                           |                                                   |               |
| 3. Reductions for the period     |                           |                                                   |               |
| 4. Balance as at 30 June 2021    |                           |                                                   |               |
| IV. Book value                   |                           |                                                   |               |
| 1. As at end of the period       | 9,427,563.48              | 78,253.45                                         | 9,505,816.93  |
| 2. As at beginning of the period | 12,388,762.83             | 111,950.92                                        | 12,500,713.75 |

Note: The Company charged short-term lease expense and low-value asset lease expense totaling RMB14,036,868.60 to profit or loss for the period.

## SECTION 10 FINANCIAL REPORT

## 5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## (19) Intangible assets

| Item                                  | Land use right | Patent right   | Software       | Others         | Total            |
|---------------------------------------|----------------|----------------|----------------|----------------|------------------|
| I. Original value                     |                |                |                |                |                  |
| 1. 1 January 2021                     | 851,205,334.37 | 260,852,719.97 | 144,276,138.97 | 482,171,181.35 | 1,738,505,374.66 |
| 2. Additions for the period           |                | 9,060.00       | 3,384,966.89   | 39,148,922.93  | 42,542,949.82    |
| (1) Purchased                         |                | 9,060.00       | 3,384,966.89   |                | 3,394,026.89     |
| (2) In-house R&D                      |                |                |                |                |                  |
| (3) Other additions                   |                |                |                | 39,148,922.93  | 39,148,922.93    |
| 3. Reductions for the period          | 1,720,860.01   | 3,268,685.56   | 331,303.66     |                | 5,320,849.23     |
| (1) Disposal                          | 1,720,860.01   | 3,268,685.56   |                |                | 4,989,545.57     |
| (2) Invalid and derecognized          |                |                |                |                |                  |
| (3) Other reductions                  |                |                | 331,303.66     |                | 331,303.66       |
| 4. 30 June 2021                       | 849,484,474.36 | 257,593,094.41 | 147,329,802.20 | 521,320,104.28 | 1,775,727,475.25 |
| II. Accumulated amortization          |                |                |                |                |                  |
| 1. 1 January 2021                     | 193,921,188.79 | 253,001,163.01 | 106,753,500.90 | 4,561,118.23   | 558,236,970.93   |
| 2. Additions for the period           | 9,735,178.57   | 927,508.02     | 4,221,693.85   | 16,929.18      | 14,901,309.62    |
| (1) Provision                         | 9,735,178.57   | 927,508.02     | 4,221,693.85   | 16,929.18      | 14,901,309.62    |
| (2) Arising from business combination |                |                |                |                |                  |
| (3) Other additions                   |                |                |                |                |                  |
| 3. Reductions for the period          | 321,288.07     | 1,840,400.88   | 331,303.66     |                | 2,492,992.61     |
| (1) Disposal                          | 321,288.07     | 1,840,400.88   |                |                | 2,161,688.95     |
| (2) Invalid and derecognized          |                |                |                |                |                  |
| (3) Other reductions                  |                |                | 331,303.66     |                | 331,303.66       |
| 4. 30 June 2021                       | 203,335,079.29 | 252,088,270.15 | 110,643,891.09 | 4,578,047.41   | 570,645,287.94   |
| III. Provision for impairment         |                |                |                |                |                  |
| 1. 1 January 2021                     |                |                |                |                |                  |
| 2. Additions for the period           |                |                |                |                |                  |
| 3. Reductions for the period          |                |                |                |                |                  |
| 4. 30 June 2021                       |                |                |                |                |                  |
| IV. Book value                        |                |                |                |                |                  |
| 1. As at end of the period            | 646,149,395.07 | 5,504,824.26   | 36,685,911.11  | 516,742,056.87 | 1,205,082,187.31 |
| 2. As at beginning of the period      | 657,284,145.58 | 7,851,556.96   | 37,522,638.07  | 477,610,063.12 | 1,180,268,403.73 |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(20) Development cost**

| Item                                          | 1 January 2021 | Additions for the period  |        | Reductions for the period  |                                 | 30 June 2021 |
|-----------------------------------------------|----------------|---------------------------|--------|----------------------------|---------------------------------|--------------|
|                                               |                | Internal development cost | Others | Included in profit or loss | Recognized as intangible assets |              |
| Spare product and spare part service platform | 2,013,685.27   | 221,238.94                |        |                            |                                 | 2,234,924.21 |
| Total                                         | 2,013,685.27   | 221,238.94                |        |                            |                                 | 2,234,924.21 |

**(21) Long-term unamortized expenses**

| Category                                                               | 1 January 2021 | Additions for the period | Amortization for the period | Other reductions | 30 June 2021  |
|------------------------------------------------------------------------|----------------|--------------------------|-----------------------------|------------------|---------------|
| Rental cost of the underground garage of Twelfth Metallurgical Company | 9,499,155.67   |                          | 124,988.88                  |                  | 9,374,166.79  |
| Others                                                                 | 40,082,647.71  | 27,071,143.02            | 22,174,414.78               |                  | 44,979,375.95 |
| Total                                                                  | 49,581,803.38  | 27,071,143.02            | 22,299,403.66               |                  | 54,353,542.74 |



## SECTION 10 FINANCIAL REPORT

## 5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## (22) Deferred tax assets and deferred tax liabilities

## 1. Deferred tax assets and deferred tax liabilities, not on a netting basis

| Item                                                                                            | 30 June 2021                    |                                              | 1 January 2021                  |                                              |
|-------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------------------|---------------------------------|----------------------------------------------|
|                                                                                                 | Deferred tax assets/liabilities | Deductible/<br>taxable temporary differences | Deferred tax assets/liabilities | Deductible/<br>taxable temporary differences |
| Deferred tax assets:                                                                            |                                 |                                              |                                 |                                              |
| Retirement and termination benefits                                                             | 116,259,450.00                  | 609,722,000.00                               | 119,083,235.50                  | 623,424,000.00                               |
| Asset impairment provisions                                                                     | 700,950,820.61                  | 3,728,538,538.98                             | 706,085,475.79                  | 4,214,874,081.82                             |
| Deductible loss                                                                                 | 100,625,200.13                  | 559,271,722.07                               | 75,504,595.63                   | 363,329,448.47                               |
| Changes in fair value of other equity instrument investment                                     | 2,517,049.65                    | 16,780,331.09                                | 2,415,823.07                    | 16,105,487.16                                |
| Changes in the fair value of trading financial instruments and derivative financial instruments | 2,868,857.14                    | 19,125,714.29                                | 2,865,105.00                    | 19,100,700.00                                |
| Others                                                                                          | 46,410,088.59                   | 305,848,474.34                               | 46,017,240.71                   | 303,096,155.11                               |
| Subtotal                                                                                        | 969,631,466.12                  | 5,239,286,780.77                             | 951,971,475.70                  | 5,539,929,872.56                             |
| Deferred tax liabilities:                                                                       |                                 |                                              |                                 |                                              |
| Appreciation on asset evaluation                                                                | 68,261,679.56                   | 344,596,111.25                               | 69,076,901.67                   | 350,702,956.20                               |
| Changes in fair value of other equity instrument investment                                     | 783,797.57                      | 5,225,317.06                                 | 827,460.89                      | 5,516,405.86                                 |
| Others                                                                                          | 49,675,380.23                   | 496,753,802.30                               | 49,675,380.23                   | 496,753,802.30                               |
| Subtotal                                                                                        | 118,720,857.36                  | 846,575,230.61                               | 119,579,742.79                  | 852,973,164.36                               |

## 2. Deferred tax assets and deferred tax liabilities, on a netting basis

| Item                     | 30 June 2021                                                          |                                                                                      | 1 January 2021                                                              |                                                                                        |
|--------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
|                          | Netting of deferred tax assets or liabilities as at end of the period | Balance of deferred tax assets or liabilities as at 30 June 2021, on a netting basis | Netting of deferred tax assets or liabilities as at beginning of the period | Balance of deferred tax assets or liabilities as at 1 January 2021, on a netting basis |
| Deferred tax assets      | 44,780,744.60                                                         | 924,850,721.52                                                                       | 44,894,107.85                                                               | 907,077,367.85                                                                         |
| Deferred tax liabilities | 44,780,744.60                                                         | 73,940,112.76                                                                        | 44,894,107.85                                                               | 74,685,634.94                                                                          |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(22) Deferred tax assets and deferred tax liabilities (Continued)****3. Particulars of unrecognized deferred tax assets**

| <b>Item</b>                     | <b>30 June 2021</b>     | <b>1 January 2021</b> |
|---------------------------------|-------------------------|-----------------------|
| Deductible temporary difference | <b>765,281,437.96</b>   | 254,400,105.84        |
| Deductible loss                 | <b>2,884,843,267.52</b> | 2,733,328,245.99      |
| <b>Total</b>                    | <b>3,650,124,705.48</b> | 2,987,728,351.83      |

**4. Deductible loss on unrecognized deferred tax assets will be due in**

| <b>Year</b>  | <b>30 June 2021</b>     | <b>1 January 2021</b> | <b>Remarks</b> |
|--------------|-------------------------|-----------------------|----------------|
| 2021         |                         |                       |                |
| 2022         | <b>32,061,940.20</b>    | 32,061,940.20         |                |
| 2023         | <b>259,261,223.54</b>   | 259,261,223.54        |                |
| 2024         | <b>632,535,457.62</b>   | 632,535,457.62        |                |
| 2025         | <b>1,809,469,624.63</b> | 1,809,469,624.63      |                |
| 2026         | <b>151,515,021.53</b>   |                       |                |
| <b>Total</b> | <b>2,884,843,267.52</b> | 2,733,328,245.99      |                |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(23) Other non-current assets**

| <b>Item</b>                                       | <b>30 June 2021</b>      | <b>1 January 2021</b> |
|---------------------------------------------------|--------------------------|-----------------------|
| Investment in construction of Highway PPP project | <b>9,113,160,632.52</b>  | 6,735,604,914.95      |
| Prepayment for property purchase                  | <b>54,581,060.00</b>     | 54,581,060.00         |
| Prepaid investment                                | <b>331,639,939.55</b>    | 207,382,259.08        |
| VAT input deductible after one year               | <b>533,928,144.68</b>    | 346,683,661.44        |
| Others                                            | <b>82,299.85</b>         | 130,469.16            |
| Long-term contract asset                          | <b>714,191,645.66</b>    | 669,739,710.04        |
| Less: provision for bad debt                      | <b>3,570,958.23</b>      | 3,348,698.56          |
| Subtotal                                          | <b>10,744,012,764.03</b> | 8,010,773,376.11      |
| Including: amount due within one year             |                          |                       |
| Total                                             | <b>10,744,012,764.03</b> | 8,010,773,376.11      |

## Notes:

1. As of 30 June 2021, the Company consolidated the financial statements of a consolidated subsidiary, Yunnan Miyu Expressway Investment and Development Co., Ltd., and the highway project operated by such subsidiary in PPP form remained in a construction and investment stage.
2. As of 30 June 2021, the Company had made prepayment for property purchase of RMB54,581,060.00 to Shandong Qianhong Industrial Park Development Co., Ltd.

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(24) Short-term loans****1. Classification of short-term loans**

| <b>Terms of loan</b>                                                                            | <b>30 June 2021</b>     | <b>1 January 2021</b> |
|-------------------------------------------------------------------------------------------------|-------------------------|-----------------------|
| Bank loans                                                                                      |                         |                       |
| Pledged loans                                                                                   | <b>50,000,000.00</b>    | 175,719,242.10        |
| Mortgage loans                                                                                  |                         | 20,000,000.00         |
| Guaranteed loans                                                                                | <b>585,000,000.00</b>   | 1,438,472,300.00      |
| Credit loans                                                                                    | <b>2,735,574,285.71</b> | 3,105,825,714.28      |
| Subtotal                                                                                        | <b>3,370,574,285.71</b> | 4,740,017,256.38      |
| Loans from non-bank financial institutions                                                      | <b>2,300,000,000.00</b> | 1,325,557,841.89      |
| Inter-enterprise entrusted loans                                                                |                         |                       |
| Subtotal                                                                                        | <b>5,670,574,285.71</b> | 6,065,575,098.27      |
| Interest expenses that are not yet due and accrued before the contractual interest payment date | <b>7,723,728.53</b>     | 12,370,479.64         |
| <b>Total</b>                                                                                    | <b>5,678,298,014.24</b> | 6,077,945,577.91      |

Notes:

1. As of 30 June 2021, pledge loans from banks amounted to RMB50,000,000.00 with pledge over accounts receivable of the Company of RMB50,000,000.00;
2. As of 30 June 2021, no property of the Company was pledged as guarantee for mortgage loans from banks;
3. As of 30 June 2021, guarantee loans from banks amounted to RMB585,000,000.00, for which the Company and its subsidiaries have provided joint liability guarantee;

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(25) Derivative financial liabilities**

| <b>Category</b> | <b>30 June 2021</b>  | <b>1 January 2021</b> |
|-----------------|----------------------|-----------------------|
| Currency swap   | <b>19,125,714.29</b> | 19,100,700.00         |
| Total           | <b>19,125,714.29</b> | 19,100,700.00         |

Note: In order to minimize the impact of exchange rate changes on the Company, the Company carried out forward foreign exchange lock-in related business. Under the premise of foreign currency transaction needs, the Company will enter into forward foreign exchange settlement transaction letter or RMB foreign exchange currency swap transaction confirmation letter with relevant financial institutions, and buy RMB and sell USD or buy USD and sell RMB as the applicant according to the agreement. Based on the agreed settlement exchange rate and the spot exchange rate as at 30 June 2021, the Company calculated and recognized derivative financial liabilities and gains from changes in fair value.

**(26) Notes payable**

| <b>Item</b>                | <b>30 June 2021</b>     | <b>1 January 2021</b> |
|----------------------------|-------------------------|-----------------------|
| Bank's acceptance bill     | <b>1,648,661,028.84</b> | 1,633,003,492.69      |
| Commercial acceptance bill | <b>181,500,351.55</b>   | 113,592,687.65        |
| Total                      | <b>1,830,161,380.39</b> | 1,746,596,180.34      |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(27) Accounts payable****(1) By aging**

| <b>Item</b>               | <b>30 June 2021</b>      | <b>1 January 2021</b> |
|---------------------------|--------------------------|-----------------------|
| Within 1 year (inclusive) | <b>8,710,802,399.26</b>  | 8,957,343,937.88      |
| Over 1 year               | <b>4,066,899,885.26</b>  | 4,807,093,487.43      |
| <b>Total</b>              | <b>12,777,702,284.52</b> | 13,764,437,425.31     |

**(2) Significant accounts payable aged over 1 year**

| <b>Creditor</b> | <b>30 June 2021</b>   | <b>Reason for outstanding balance</b>          |
|-----------------|-----------------------|------------------------------------------------|
| Creditor 1      | <b>170,813,077.24</b> | Payment conditions have not been satisfied yet |
| Creditor 2      | <b>41,239,142.86</b>  | Payment conditions have not been satisfied yet |
| Creditor 3      | <b>32,024,254.75</b>  | Payment conditions have not been satisfied yet |
| Creditor 4      | <b>29,316,214.31</b>  | Payment conditions have not been satisfied yet |
| Creditor 5      | <b>30,508,910.86</b>  | Payment conditions have not been satisfied yet |
| Creditor 6      | <b>25,708,136.98</b>  | Payment conditions have not been satisfied yet |
| Creditor 7      | <b>24,720,624.40</b>  | Payment conditions have not been satisfied yet |
| Creditor 8      | <b>23,383,241.03</b>  | Payment conditions have not been satisfied yet |
| Creditor 9      | <b>23,306,500.56</b>  | Payment conditions have not been satisfied yet |
| <b>Total</b>    | <b>401,020,102.99</b> | –                                              |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(28) Advances from customers**

| Item                      | 30 June 2021      | 1 January 2021 |
|---------------------------|-------------------|----------------|
| Within 1 year (inclusive) | <b>840,275.06</b> |                |
| Over 1 year               |                   |                |
| Total                     | <b>840,275.06</b> |                |

**(29) Contract liabilities**

| Item                      | 30 June 2021            | 1 January 2021   |
|---------------------------|-------------------------|------------------|
| Within 1 year (inclusive) | <b>2,696,131,037.55</b> | 2,556,212,319.45 |
| Over 1 year               | <b>75,905,378.83</b>    | 104,997,460.20   |
| Total                     | <b>2,772,036,416.38</b> | 2,661,209,779.65 |

Note: The income of RMB1,233,014,685.22 recognized for the period was included in the book value of contract liabilities at the beginning of the period.

**Significant contract liabilities aged over 1 year**

| Creditor   | Closing balance       | Reason for not being carried forward                                                                 |
|------------|-----------------------|------------------------------------------------------------------------------------------------------|
| Creditor 1 | <b>75,249,604.05</b>  | Advance has been received from customers, but the goods under contract have not been transferred yet |
| Creditor 2 | <b>11,497,263.95</b>  | Advance has been received from customers, but the goods under contract have not been transferred yet |
| Creditor 3 | <b>7,766,661.01</b>   | Advance has been received from customers, but the goods under contract have not been transferred yet |
| Creditor 4 | <b>3,024,384.08</b>   | Advance has been received from customers, but the goods under contract have not been transferred yet |
| Creditor 5 | <b>4,321,485.77</b>   | Advance has been received from customers, but the goods under contract have not been transferred yet |
| Total      | <b>101,859,398.86</b> | –                                                                                                    |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(30) Employee compensation payable****1. Employee compensation payable by category**

| Item                                                | 1 January 2021 | Additions<br>for the period | Reductions<br>for the period | 30 June 2021   |
|-----------------------------------------------------|----------------|-----------------------------|------------------------------|----------------|
| Short-term remuneration                             | 112,648,408.96 | 982,430,456.38              | 991,066,517.84               | 104,012,347.50 |
| Post-service benefits-defined<br>contribution plans | 9,254,833.49   | 120,993,004.77              | 118,088,605.32               | 12,159,232.94  |
| Termination benefits                                | 71,540,000.00  | 27,371,887.37               | 27,371,887.37                | 71,540,000.00  |
| Other benefits due within one year                  |                |                             | 72,238.25                    | -72,238.25     |
| Total                                               | 193,443,242.45 | 1,130,795,348.52            | 1,136,599,248.78             | 187,639,342.19 |

**2. Short-term employee compensation**

| Item                                          | 1 January 2021 | Additions<br>for the period | Reductions<br>for the period | 30 June 2021   |
|-----------------------------------------------|----------------|-----------------------------|------------------------------|----------------|
| Salary, bonus, allowance and subsidy          | 78,597,665.10  | 704,531,118.47              | 713,169,060.59               | 69,959,722.98  |
| Employee welfare                              |                | 30,753,312.32               | 30,753,312.32                |                |
| Contribution to social security funds         | 4,474,305.55   | 65,980,829.12               | 63,856,910.44                | 6,598,224.23   |
| Including: medical insurance premium          | 3,925,116.90   | 59,578,479.03               | 57,792,768.34                | 5,710,827.59   |
| Work injury insurance<br>premium              | 352,398.25     | 5,525,814.42                | 5,286,667.82                 | 591,544.85     |
| Maternity insurance<br>premium                | 196,790.40     | 876,535.67                  | 777,474.28                   | 295,851.79     |
| Housing provident fund                        | 3,713,190.88   | 76,803,243.86               | 74,977,893.17                | 5,538,541.57   |
| Trade union fee and employee<br>education fee | 19,302,298.79  | 15,951,568.37               | 17,983,577.11                | 17,270,290.05  |
| Other short-term compensation                 | 6,560,948.64   | 88,410,384.24               | 90,325,764.21                | 4,645,568.67   |
| Total                                         | 112,648,408.96 | 982,430,456.38              | 991,066,517.84               | 104,012,347.50 |



## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(30) Employee compensation payable (Continued)****3. Defined contribution plan**

| Item                           | 1 January 2021 | Additions<br>for the period | Reductions<br>for the period | 30 June 2021  |
|--------------------------------|----------------|-----------------------------|------------------------------|---------------|
| Basic pension insurance        | 7,580,439.45   | 99,732,648.07               | 96,737,295.51                | 10,575,792.01 |
| Unemployment insurance premium | 997,705.89     | 4,481,700.04                | 4,340,218.10                 | 1,139,187.83  |
| Corporate annuity payment      | 676,688.15     | 16,778,656.66               | 17,011,091.71                | 444,253.10    |
| Total                          | 9,254,833.49   | 120,993,004.77              | 118,088,605.32               | 12,159,232.94 |

**(31) Taxes payable**

| Tax                                    | 30 June 2021          | 1 January 2021 |
|----------------------------------------|-----------------------|----------------|
| VAT                                    | <b>66,949,369.76</b>  | 86,405,542.25  |
| Corporate income tax                   | <b>56,451,835.35</b>  | 121,288,580.26 |
| House property tax                     | <b>2,303,899.42</b>   | 1,551,772.72   |
| Land use tax                           | <b>1,599,943.65</b>   | 1,511,035.28   |
| Land appreciation tax                  | <b>1,771,896.03</b>   | 1,811,745.46   |
| Individual income tax                  | <b>5,034,532.86</b>   | 7,127,230.79   |
| Urban maintenance and construction tax | <b>7,451,123.18</b>   | 8,932,553.67   |
| Educational surcharges                 | <b>4,773,801.84</b>   | 5,884,753.90   |
| Other taxes                            | <b>7,825,832.56</b>   | 8,208,585.35   |
| Total                                  | <b>154,162,234.65</b> | 242,721,799.68 |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(32) Other payables**

| <b>Category</b>   | <b>30 June 2021</b>     | <b>1 January 2021</b> |
|-------------------|-------------------------|-----------------------|
| Interest payables |                         |                       |
| Dividends payable |                         |                       |
| Other payables    | <b>2,497,467,630.53</b> | 2,229,483,821.61      |
| <b>Total</b>      | <b>2,497,467,630.53</b> | 2,229,483,821.61      |

**1. Other payables****(1) Payables by nature**

| <b>Nature</b>                        | <b>30 June 2021</b>     | <b>1 January 2021</b> |
|--------------------------------------|-------------------------|-----------------------|
| Retention funds and deposits payable | <b>1,187,413,700.44</b> | 1,093,831,970.42      |
| Current payment                      | <b>307,775,828.37</b>   | 182,105,330.72        |
| Temporary payment                    | <b>818,761,713.51</b>   | 557,387,134.82        |
| Others                               | <b>183,516,388.21</b>   | 396,159,385.65        |
| <b>Total</b>                         | <b>2,497,467,630.53</b> | 2,229,483,821.61      |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(32) Other payables (Continued)****2. Other payables (Continued)**

(2) Description of significant other payables aged over 1 year

| Entity     | 30 June 2021   | Reason for outstanding balance                 |
|------------|----------------|------------------------------------------------|
| Creditor 1 | 33,987,500.00  | Payment conditions have not been satisfied yet |
| Creditor 2 | 23,425,466.52  | Payment conditions have not been satisfied yet |
| Creditor 3 | 16,734,000.00  | Payment conditions have not been satisfied yet |
| Creditor 4 | 13,500,000.00  | Payment conditions have not been satisfied yet |
| Creditor 5 | 11,999,900.00  | Payment conditions have not been satisfied yet |
| Creditor 6 | 7,552,821.06   | Payment conditions have not been satisfied yet |
| Creditor 7 | 6,950,000.00   | Payment conditions have not been satisfied yet |
| Creditor 8 | 6,090,001.92   | Payment conditions have not been satisfied yet |
| Creditor 9 | 5,800,000.00   | Payment conditions have not been satisfied yet |
| Total      | 126,039,689.50 | —                                              |

**(33) Non-current liabilities due within one year**

| Item                                                                       | 30 June 2021   | 1 January 2021 |
|----------------------------------------------------------------------------|----------------|----------------|
| Long-term loans due within one year                                        | 240,000,000.00 | 459,963,549.18 |
| Interest expense unpaid but accrued on long-term loans due within one year | 6,142,729.66   | 10,574,378.62  |
| Debentures payable due within one year                                     |                |                |
| Lease obligations due within one year                                      | 4,521,364.94   | 6,512,862.21   |
| Total                                                                      | 250,664,094.60 | 477,050,790.01 |

## SECTION 10 FINANCIAL REPORT

## 5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## (34) Other current liabilities

| Item                                         | 30 June 2021     | 1 January 2021   |
|----------------------------------------------|------------------|------------------|
| Pending VAT output                           | 1,474,265,947.42 | 1,496,304,508.52 |
| Short-term debentures payable                |                  | 1,002,279,452.05 |
| Liabilities on continuing involvement in ABS | 18,900,000.00    | 18,900,000.00    |
| Total                                        | 1,493,165,947.42 | 2,517,483,960.57 |

## Changes in short-term debentures payable

| Bond                        | Face value | Issuance date  | Term (days) | Issued amount    |
|-----------------------------|------------|----------------|-------------|------------------|
| 21 Zhong Lv Guo Gong SCP001 | 100.00     | 6 January 2021 | 28          | 1,000,000,000.00 |
| Total                       | —          | —              | —           | 1,000,000,000.00 |

| Bond                        | 1 January 2021   | Issued during the period | Interest accrued on face value | Amortization of premium or discount | Repaid during the period | 30 June 2021 |
|-----------------------------|------------------|--------------------------|--------------------------------|-------------------------------------|--------------------------|--------------|
| 20 Zhong Lv Guo Gong SCP008 | 1,002,279,452.05 |                          |                                |                                     | 1,002,279,452.05         |              |
| 21 Zhong Lv Guo Gong SCP001 |                  | 1,000,000,000.00         | 2,301,369.86                   |                                     | 1,002,301,369.86         |              |
| Total                       | 1,002,279,452.05 | 1,000,000,000.00         | 2,301,369.86                   |                                     | 2,004,580,821.91         |              |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(35) Long-term borrowings****1. Long-term borrowings by category**

| <b>Terms of borrowings</b>                      | <b>30 June 2021</b>     | <b>1 January 2021</b> |
|-------------------------------------------------|-------------------------|-----------------------|
| Pledged borrowings                              |                         |                       |
| Mortgage borrowings                             |                         |                       |
| Guaranteed borrowings                           | <b>972,300,000.00</b>   | 1,200,800,000.00      |
| Credit borrowings                               | <b>7,790,372,439.96</b> | 7,346,905,995.96      |
| Subtotal                                        | <b>8,762,672,439.96</b> | 8,547,705,995.96      |
| Borrowings from non-bank financial institutions | <b>830,000,000.00</b>   | 140,963,549.18        |
| Inter-enterprise borrowings                     |                         |                       |
| Less: long-term borrowings due within one year  | <b>240,000,000.00</b>   | 459,963,549.18        |
| Total                                           | <b>9,352,672,439.96</b> | 8,228,705,995.96      |

Notes:

1. As of 30 June 2021, guaranteed borrowings from banks amounted to RMB972,300,000.00, for which the Company and its subsidiaries have provided joint liability guarantee;
2. As of 30 June 2021, credit borrowings from Chinalco Finance Company Limited (a non-bank financial institution) amounted to RMB690,000,000.00, for which the Company and its subsidiaries have provided credit guarantee;
3. As of 30 June 2021, the Company received a pledged loan of RMB140,000,000.00 from Chinalco Commercial Factoring (Tianjin) Co., Ltd. (a non-bank financial institution), with pledge over accounts receivable of RMB176,644,794.60.

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(35) Long-term borrowings (Continued)****2. Payment term of long-term borrowings due over 1 year**

| <b>Payment term</b> | <b>30 June 2021</b>     | <b>1 January 2021</b> |
|---------------------|-------------------------|-----------------------|
| Between 1-2 years   | <b>1,642,478,453.31</b> | 1,044,200,000.00      |
| Between 2-5 years   | <b>4,388,683,846.69</b> | 4,453,400,000.00      |
| Over 5 years        | <b>3,321,510,139.96</b> | 2,731,105,995.96      |
| <b>Total</b>        | <b>9,352,672,439.96</b> | 8,228,705,995.96      |

**(36) Lease liabilities**

| <b>Items</b>                                | <b>30 June 2021</b> | <b>1 January 2021</b> |
|---------------------------------------------|---------------------|-----------------------|
| Lease payment                               | <b>8,781,071.07</b> | 11,962,772.70         |
| Less: unrecognized financing expense        | <b>627,091.21</b>   | 924,260.19            |
| Less: lease liabilities due within one year | <b>4,521,364.94</b> | 6,512,862.21          |
| <b>Total</b>                                | <b>3,632,614.92</b> | 4,525,650.30          |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(37) Long-term payables**

| <b>Nature</b>      | <b>30 June 2021</b> | <b>1 January 2021</b> |
|--------------------|---------------------|-----------------------|
| Long-term payables |                     |                       |
| Special payables   | <b>2,598,720.17</b> | 2,602,600.17          |
| Total              | <b>2,598,720.17</b> | 2,602,600.17          |

**Including: special payables**

| <b>Item</b>                                                                                                                         | <b>Balance<br/>as at<br/>1 January<br/>2021</b> | <b>Additions<br/>for the period</b> | <b>Reductions<br/>for the period</b> | <b>Balance<br/>as at<br/>30 June<br/>2021</b> | <b>Reasons for the<br/>amount incurred</b> |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------|--------------------------------------|-----------------------------------------------|--------------------------------------------|
| Research funding for research<br>and development of prototype<br>of furnace-building robot for<br>aluminum electrolysis cell lining | 1,036,600.00                                    |                                     |                                      | 1,036,600.00                                  |                                            |
| Others                                                                                                                              | 1,566,000.17                                    |                                     | 3,880.00                             | 1,562,120.17                                  |                                            |
| Total                                                                                                                               | 2,602,600.17                                    |                                     | 3,880.00                             | 2,598,720.17                                  |                                            |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(38) Long-term employee compensation payable****1. List of long-term employee compensation payable**

| Category                                                              | 30 June 2021   | 1 January 2021 |
|-----------------------------------------------------------------------|----------------|----------------|
| Post-employment benefits – net liabilities under defined benefit plan | 552,764,200.00 | 562,433,200.00 |
| Termination benefits                                                  | 56,957,800.00  | 60,990,800.00  |
| Other long-term employee compensation payable                         |                |                |
| Subtotal                                                              | 609,722,000.00 | 623,424,000.00 |
| Less: portion due within one year                                     | 71,540,000.00  | 71,540,000.00  |
| Total                                                                 | 538,182,000.00 | 551,884,000.00 |

**2. Changes in defined benefit plan**

| Item                     | From January to June 2021 | From January to June 2020 |
|--------------------------|---------------------------|---------------------------|
| 1. 1 January 2021        | 623,424,000.00            | 679,935,000.00            |
| 2. Net interest          | 9,556,000.00              | 9,590,591.56              |
| 3. Benefits paid         | -35,922,896.73            | -38,859,414.32            |
| 4. Actuarial loss (gain) | 12,080,000.00             | 110,000.00                |
| 5. Previous service cost | -601.28                   |                           |
| 6. Current service cost  | 585,498.01                | 1,879,822.76              |
| 7. 30 June 2021          | 609,722,000.00            | 652,656,000.00            |

Note: The above obligations were determined based on actuarial valuations performed by an independent qualified actuarial firm, Towers Watson Consulting Company Limited, using the projected unit credit actuarial cost method.

The material actuarial assumptions used in valuing these obligations are as follows:

- (i) Discount rate adopted (per annum)

|               | 30 June 2021 | 1 January 2021 |
|---------------|--------------|----------------|
| Discount rate | 3.25%        | 3.25%          |

- (ii) Mortality: Average life expectancy of residents in the PRC;
- (iii) Average medical expense increase rate: 8%;
- (iv) Annual growth rate of pension benefits for beneficiaries: 4.5%;
- (v) Medical costs paid to early retirees are assumed to continue until the death of the retirees.



## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(39) Deferred income****1. Deferred income presented by category**

| Item               | 1 January<br>2021 | Additions<br>for the period | Reductions<br>for the period | 30 June<br>2021 | Reasons for the<br>amount incurred |
|--------------------|-------------------|-----------------------------|------------------------------|-----------------|------------------------------------|
| Government subsidy | 85,234,504.39     | 1,110,000.00                | 1,260,572.08                 | 85,083,932.31   |                                    |
| Total              | 85,234,504.39     | 1,110,000.00                | 1,260,572.08                 | 85,083,932.31   |                                    |

**2. Details of government subsidies**

| Item                                                                                                              | 1 January<br>2021 | Additional<br>subsidies<br>for the period | Amount<br>included in<br>profit and loss<br>for the period | Other<br>changes | 30 June<br>2021 | Related to<br>assets/income |
|-------------------------------------------------------------------------------------------------------------------|-------------------|-------------------------------------------|------------------------------------------------------------|------------------|-----------------|-----------------------------|
| Urban roads in Tongchuan New District + Comprehensive packaged PPP project of underground comprehensive pipelines | 40,000,000.00     |                                           |                                                            |                  | 40,000,000.00   | Related to assets           |
| Government subsidy for overall relocation of Shandong project                                                     | 16,000,000.00     |                                           |                                                            |                  | 16,000,000.00   | Related to assets           |
| Reduction in and exemption of Wugang land grant premium                                                           | 12,792,636.05     |                                           | 178,072.08                                                 |                  | 12,614,563.97   | Related to assets           |
| Land subsidy for factory building of Technology Heavy Industry                                                    | 5,200,000.00      |                                           | 200,000.00                                                 |                  | 5,000,000.00    | Related to assets           |
| Preparation process of high pollution-resistant hollow fiber membrane clean energy                                | 4,083,335.00      |                                           |                                                            |                  | 4,083,335.00    | Related to assets           |
| Others                                                                                                            | 7,158,533.34      | 1,110,000.00                              | 682,500.00                                                 | 200,000.00       | 7,386,033.34    | Related to assets           |
| Total                                                                                                             | 85,234,504.39     | 1,110,000.00                              | 1,060,572.08                                               | 200,000.00       | 85,083,932.31   | –                           |

Note:

- The changes in others were mainly government subsidies of RMB200,000.00 returned by Guiyang Aluminum and Magnesium Design Institute Co., Ltd. (hereinafter referred to as "Guiyang Institute") for the period. Pursuant to the "Notice of Ministry of Science and Technology on Collecting Balance from Special Fiscal Funds of Relevant (Special) Projects (Topics) under the National Science and Technology Plan" (Guo Ke Fa Zi [2020] No. 170), the balance of special fund of RMB200,000.00 dedicated to the "R&D and application project on key technologies for special robots and welding processes in a strong magnetic field of aluminum electrolysis" was returned.

## SECTION 10 FINANCIAL REPORT

## 5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## (40) Share capital

| Items                                                                           | 1 January 2021   | Issuance of<br>new shares | Increase/Decrease (+, -) |                                            |        | Subtotal         | 30 June 2021 |
|---------------------------------------------------------------------------------|------------------|---------------------------|--------------------------|--------------------------------------------|--------|------------------|--------------|
|                                                                                 |                  |                           | Bonus shares             | Shares converted<br>from provident<br>fund | Others |                  |              |
| Total number of shares                                                          | 2,959,066,667.00 |                           |                          |                                            |        | 2,959,066,667.00 |              |
| China Aluminum Group Limited                                                    | 2,176,758,534.00 |                           |                          |                                            |        | 2,176,758,534.00 |              |
| Luoyang Engineering & Research<br>Institute for Nonferrous Metals<br>Processing | 86,925,466.00    |                           |                          |                                            |        | 86,925,466.00    |              |
| Holders of overseas listed H<br>shares                                          | 399,476,000.00   |                           |                          |                                            |        | 399,476,000.00   |              |
| Public ordinary shareholders                                                    | 295,906,667.00   |                           |                          |                                            |        | 295,906,667.00   |              |

## (41) Other equity instruments

| Outstanding financial<br>instruments         | 1 January 2021   |                  | Additions for the period |                 | Reductions for the period |                 | 30 June 2021     |                  |
|----------------------------------------------|------------------|------------------|--------------------------|-----------------|---------------------------|-----------------|------------------|------------------|
|                                              | Number           | Carrying amount  | Number                   | Carrying amount | Number                    | Carrying amount | Number           | Carrying amount  |
| 19 Zhong Gong Y1 Renewable<br>Corporate Bond | 15,000,000.00    | 1,498,584,905.65 |                          |                 |                           |                 | 15,000,000.00    | 1,498,584,905.65 |
| Industrial Bank Renewable Trust<br>Loan      | 1,000,000,000.00 | 1,000,000,000.00 |                          |                 |                           |                 | 1,000,000,000.00 | 1,000,000,000.00 |
| Total                                        | -                | 2,498,584,905.65 |                          |                 |                           |                 | -                | 2,498,584,905.65 |

## (42) Capital reserve

| Category                 | 1 January 2021 | Additions<br>for the period | Reductions<br>for the period | 30 June 2021   |
|--------------------------|----------------|-----------------------------|------------------------------|----------------|
| 1. Capital premium       | 856,680,337.89 |                             |                              | 856,680,337.89 |
| 2. Other capital reserve | 18,819,586.75  | 349,939.96                  |                              | 19,169,526.71  |
| Total                    | 875,499,924.64 | 349,939.96                  |                              | 875,849,864.60 |

Note:

- The increase in the capital reserve – other capital reserve of RMB349,939.96 for the period was the effect caused by the recognition by China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd., a subsidiary of the Company, of a change in the other equity interests of its associate Chinalco Environmental Protection and Ecological Technology (Hunan) Co., Ltd. by using the equity method.

## SECTION 10 FINANCIAL REPORT

## 5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## (43) Other comprehensive income

| Item                                                                                              | 1 January 2021                 | Amount incurred for the period            |                                                                               |                                                     |                                                        | 30 June 2021                   |
|---------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------------------|-------------------------------------------------------------------------------|-----------------------------------------------------|--------------------------------------------------------|--------------------------------|
|                                                                                                   |                                | Amount before tax incurred for the period | Less: recorded in OCI in earlier period but transferred to P&L for the period | Amount after tax attributable to the parent company | Amount after tax attributable to minority shareholders |                                |
| 1. OCI not to be reclassified to P&L<br>Including: change on DBP remeasurement                    | 89,583,819.66<br>98,046,868.05 | -12,507,932.73<br>-11,542,000.00          | -1,970,489.90<br>-1,825,600.00                                                | -10,428,533.86<br>-9,607,491.03                     | -108,908.97<br>-108,908.97                             | 79,155,285.80<br>88,439,377.02 |
| OCI not to be transferred to P&L<br>under equity method                                           |                                |                                           |                                                                               |                                                     |                                                        |                                |
| Changes in fair value of other equity instrument investment                                       | -8,463,048.39                  | -965,932.73                               | -144,889.90                                                                   | -821,042.83                                         |                                                        | -9,284,091.22                  |
| Changes in fair value arising from credit risk of the Company itself                              |                                |                                           |                                                                               |                                                     |                                                        |                                |
| 2. OCI to be reclassified into P&L<br>Including: OCI to be transferred to P&L under equity method | 60,853,685.94                  | -9,556,179.98                             |                                                                               | -9,556,179.98                                       |                                                        | 51,297,505.96                  |
| Changes in fair value of other debt investment                                                    |                                |                                           |                                                                               |                                                     |                                                        |                                |
| Amount of financial assets reclassified into OCI                                                  |                                |                                           |                                                                               |                                                     |                                                        |                                |
| Credit impairment provision for other debt investments                                            |                                |                                           |                                                                               |                                                     |                                                        |                                |
| Cashflow hedging reserve                                                                          |                                |                                           |                                                                               |                                                     |                                                        |                                |
| Foreign currency translation difference                                                           | 60,853,685.94                  | -9,556,179.98                             |                                                                               | -9,556,179.98                                       |                                                        | 51,297,505.96                  |
| Total OCI                                                                                         | 150,437,505.60                 | -22,064,112.71                            | -1,970,489.90                                                                 | -19,984,713.84                                      | -108,908.97                                            | 130,452,791.76                 |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(44) Special reserve**

| Category              | 1 January 2021 | Additions<br>for the period | Reductions<br>for the period | 30 June 2021   | Reason for changes |
|-----------------------|----------------|-----------------------------|------------------------------|----------------|--------------------|
| Production safety fee | 147,328,847.45 | 131,067,789.55              | 108,164,722.87               | 170,231,914.13 |                    |
| Total                 | 147,328,847.45 | 131,067,789.55              | 108,164,722.87               | 170,231,914.13 |                    |

**(45) Surplus reserve**

| Category                  | 1 January 2021 | Additions<br>for the period | Reductions<br>for the period | 30 June 2021   |
|---------------------------|----------------|-----------------------------|------------------------------|----------------|
| Statutory surplus reserve | 222,751,992.52 |                             |                              | 222,751,992.52 |
| Total                     | 222,751,992.52 |                             |                              | 222,751,992.52 |

**(46) Undistributed profit**

| Item                                                                                                       | 30 June 2021<br>Amount  | Withdrawal<br>or distribution<br>percentage |
|------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------------------------|
| Unadjusted undistributed profit as at end of the previous period                                           | <b>1,879,404,403.40</b> |                                             |
| Adjustments to undistributed profit as at beginning of the period (“+” for increase, and “-” for decrease) |                         |                                             |
| Adjusted undistributed profit as at beginning of the period                                                | <b>1,879,404,403.40</b> |                                             |
| Add: net profit attributable to owners of the parent company for the period                                | <b>3,365,857.05</b>     |                                             |
| Less: withdrawal of statutory surplus reserve                                                              |                         |                                             |
| Dividends payable to perpetual bond holders                                                                | <b>27,805,555.96</b>    |                                             |
| Dividends payable to ordinary shareholders                                                                 |                         |                                             |
| Undistributed profit at end of the period                                                                  | <b>1,854,964,704.49</b> |                                             |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(47) Operating revenue and operating cost****1. Operating revenue and operating cost by major segments**

| Item                               | From January to June 2021 |                  | From January to June 2020 |                  |
|------------------------------------|---------------------------|------------------|---------------------------|------------------|
|                                    | Revenue                   | Cost             | Revenue                   | Cost             |
| 1. Subtotal of principal business  | 10,231,936,536.98         | 9,154,408,427.75 | 9,853,145,763.70          | 8,950,976,453.06 |
| Engineering contracting            | 8,418,425,007.70          | 7,598,465,373.81 | 7,287,379,807.07          | 6,657,259,048.52 |
| Engineering design and consultancy | 1,081,065,195.93          | 854,673,985.71   | 1,079,423,445.49          | 877,885,754.65   |
| Equipment manufacturing            | 559,081,874.05            | 536,232,681.89   | 551,326,147.93            | 498,726,116.79   |
| Trading and sales                  | 290,186,798.78            | 283,725,819.58   | 1,440,691,786.95          | 1,419,605,459.16 |
| Less: inter-segment elimination    | 116,822,339.48            | 118,689,433.24   | 505,675,423.74            | 502,499,926.06   |
| 2. Subtotal of other business      | 101,585,528.39            | 66,722,403.60    | 93,464,698.80             | 66,030,209.54    |
| Sales of materials                 | 28,297,044.70             | 24,136,545.79    | 40,179,314.14             | 31,447,766.76    |
| Lease                              | 36,127,396.37             | 10,475,892.17    | 36,265,069.64             | 10,859,438.64    |
| Others                             | 42,622,437.72             | 32,109,965.64    | 23,195,198.27             | 23,723,004.14    |
| Less: inter-segment elimination    | 5,461,350.40              |                  | 6,174,883.25              |                  |
| Total                              | 10,333,522,065.37         | 9,221,130,831.35 | 9,946,610,462.50          | 9,017,006,662.60 |

**2. Operating revenue for the period by revenue recognition time**

From January to June 2021

| Revenue recognition time | Engineering contracting | Engineering survey and design | Equipment manufacturing | Engineering consultation | Trading and sales |
|--------------------------|-------------------------|-------------------------------|-------------------------|--------------------------|-------------------|
| At a point in time       |                         |                               | 179,347,975.16          | 43,314,436.10            | 290,186,798.78    |
| Over a period of time    | 8,445,080,908.39        | 1,051,002,058.41              | 410,746,182.04          |                          |                   |
| Total                    | 8,445,080,908.39        | 1,051,002,058.41              | 590,094,157.20          | 43,314,436.10            | 290,186,798.78    |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(47) Operating revenue and operating cost (Continued)****3. Operating revenue for the period by reporting segment**

From January to June 2021

| Category of revenue                | Revenue from<br>contracts<br>with clients | Lease income  | Total             |
|------------------------------------|-------------------------------------------|---------------|-------------------|
| Engineering design and consultancy | 1,094,316,494.51                          | 23,189,800.28 | 1,117,506,294.79  |
| Engineering contracting            | 8,445,080,908.39                          | 8,179,620.21  | 8,453,260,528.60  |
| Equipment manufacturing            | 590,094,157.20                            | 4,311,926.58  | 594,406,083.78    |
| Trading and sales                  | 290,186,798.78                            | 446,049.30    | 290,632,848.08    |
| Inter-segment elimination          | 117,872,040.87                            | 4,411,649.01  | 122,283,689.88    |
| Total                              | 10,301,806,318.01                         | 31,715,747.36 | 10,333,522,065.37 |

**4. Details of operating revenue**

| Item                                                                                                                | From January<br>to June 2021 | From January<br>to June 2020 |
|---------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Operating revenue                                                                                                   | <b>10,333,522,065.37</b>     | 9,946,610,462.50             |
| Less: Business revenue not related to principal business                                                            |                              |                              |
| Less: Income lacking commercial substance                                                                           |                              |                              |
| Operating revenue net of business revenue not related to principal business and income lacking commercial substance | <b>10,333,522,065.37</b>     | 9,946,610,462.50             |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(48) Taxes and surcharges**

| <b>Item</b>                            | <b>From January<br/>to June 2021</b> | From January<br>to June 2020 |
|----------------------------------------|--------------------------------------|------------------------------|
| Urban maintenance and construction tax | <b>15,383,045.35</b>                 | 11,190,097.71                |
| Educational surcharge                  | <b>11,442,437.57</b>                 | 8,379,957.92                 |
| Others                                 | <b>32,424,116.87</b>                 | 26,653,661.56                |
| <b>Total</b>                           | <b>59,249,599.79</b>                 | 46,223,717.19                |

**(49) Sales expenses**

| <b>Item</b>               | <b>From January<br/>to June 2021</b> | From January<br>to June 2020 |
|---------------------------|--------------------------------------|------------------------------|
| Employee compensation     | <b>28,645,124.77</b>                 | 32,034,161.43                |
| Travel expenses           | <b>3,689,642.77</b>                  | 3,458,924.98                 |
| Warehousing and logistics | <b>387,105.26</b>                    | 801,419.18                   |
| Business expenses         | <b>3,069,767.87</b>                  | 4,382,147.43                 |
| Others                    | <b>5,591,885.49</b>                  | 3,320,584.85                 |
| <b>Total</b>              | <b>41,383,526.16</b>                 | 43,997,237.87                |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(50) Administrative expenses**

| <b>Item</b>                   | <b>From January<br/>to June 2021</b> | From January<br>to June 2020 |
|-------------------------------|--------------------------------------|------------------------------|
| Employee compensation         | <b>325,403,366.17</b>                | 291,935,271.52               |
| Depreciation and amortization | <b>52,090,039.46</b>                 | 56,487,331.15                |
| Office expenses               | <b>62,769,463.25</b>                 | 52,245,751.41                |
| Travel expenses               | <b>11,919,072.57</b>                 | 10,422,637.28                |
| Intermediary fees             | <b>12,113,750.06</b>                 | 25,265,731.34                |
| Hospitality expenses          | <b>5,833,124.14</b>                  | 4,359,973.57                 |
| Party development expenses    | <b>208,773.21</b>                    | 384,983.75                   |
| Others                        | <b>21,501,929.67</b>                 | 24,015,441.94                |
| <b>Total</b>                  | <b>491,839,518.53</b>                | 465,117,121.96               |



## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(51) R&D expenses**

| <b>Item</b>                      | <b>From January<br/>to June 2021</b> | <b>From January<br/>to June 2020</b> |
|----------------------------------|--------------------------------------|--------------------------------------|
| Employee compensation            | <b>119,259,889.44</b>                | 91,493,544.85                        |
| Raw materials and main materials | <b>35,688,445.97</b>                 | 58,249,593.92                        |
| Fuel and power                   | <b>824,652.43</b>                    | 654,458.32                           |
| Depreciation and amortization    | <b>4,610,286.48</b>                  | 5,399,181.03                         |
| Outsourced R&D expenses          | <b>3,799,573.17</b>                  | 1,186,627.37                         |
| Auxiliary expenses               | <b>2,744,758.09</b>                  | 621,623.62                           |
| Other expenses                   | <b>14,985,812.24</b>                 | 5,007,921.65                         |
| <b>Total</b>                     | <b>181,913,417.82</b>                | 162,612,950.76                       |

**(52) Finance expenses**

| <b>Item</b>                              | <b>From January<br/>to June 2021</b> | <b>From January<br/>to June 2020</b> |
|------------------------------------------|--------------------------------------|--------------------------------------|
| Interest expenses                        | <b>269,718,058.48</b>                | 310,655,807.61                       |
| Actuarial expenses and interest expenses | <b>10,094,000.00</b>                 | 9,662,591.56                         |
| Less: interest income                    | <b>53,550,332.63</b>                 | 98,842,810.55                        |
| Exchange loss                            | <b>350,319,210.65</b>                | 344,489,148.04                       |
| Less: exchange gain                      | <b>342,496,420.33</b>                | 349,429,229.29                       |
| Handling charges                         | <b>26,344,771.25</b>                 | 20,424,767.20                        |
| Other expenses                           | <b>5,439,429.83</b>                  | 5,746,021.03                         |
| <b>Total</b>                             | <b>265,868,717.25</b>                | 242,706,295.60                       |

## SECTION 10 FINANCIAL REPORT

## 5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## (53) Other gains

| Item                                                                                                                                                                                                                           | From January<br>to June 2021 | From January<br>to June 2020 | Related to<br>assets/income |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|-----------------------------|
| Subsidies for certified high-tech companies                                                                                                                                                                                    | 5,140,000.00                 |                              | Related to income           |
| Employment stabilization subsidy from<br>unemployment insurance fund                                                                                                                                                           | 3,699,307.16                 | 11,997,892.84                | Related to income           |
| Implementation of the 2019 industrial policy<br>by the Development and Reform Bureau<br>of Yuhua District, Changsha City                                                                                                       | 2,325,000.00                 |                              | Related to income           |
| Special funds for the development of<br>fintech industry in 2020                                                                                                                                                               | 2,000,000.00                 |                              | Related to income           |
| Award allocated by Chinalco                                                                                                                                                                                                    | 1,997,000.00                 |                              | Related to income           |
| Special project funds                                                                                                                                                                                                          | 1,800,000.00                 |                              | Related to income           |
| Xi'an Aviation Materials Project                                                                                                                                                                                               | 1,441,705.30                 |                              | Related to income           |
| Refunds collected from the social insurance<br>service center in Hunan province                                                                                                                                                | 1,267,041.80                 |                              | Related to income           |
| Special funds from the Centralized Treasury<br>Payment and Accounting Center of<br>Hunan Province (special funds for the<br>development of modern service industry in<br>2021 under Hunan Provincial Department<br>of Finance) | 1,200,000.00                 |                              | Related to income           |
| Individual tax refunds                                                                                                                                                                                                         | 787,357.60                   |                              | Related to income           |
| Discounted funds of China Nonferrous Metals<br>Crane Projects                                                                                                                                                                  | 652,500.00                   |                              | Related to assets           |
| Special funds for industrial development<br>received from Shenyang Bureau of<br>Commerce                                                                                                                                       | 542,900.00                   |                              | Related to income           |
| Government assistance projects                                                                                                                                                                                                 | 378,072.08                   |                              | Related to assets           |
| Application rewards for high-tech enterprises                                                                                                                                                                                  | 350,000.00                   |                              | Related to income           |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(53) Other gains (Continued)**

| <b>Item</b>                                                                                                                     | <b>From January<br/>to June 2021</b> | <b>From January<br/>to June 2020</b> | <b>Related to<br/>assets/income</b> |
|---------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|
| Value-added tax concessions                                                                                                     | <b>243,143.29</b>                    |                                      | Related to income                   |
| Tax Relief                                                                                                                      | <b>221,905.39</b>                    |                                      | Related to income                   |
| Project funds from the MIIT Venus Scheme                                                                                        | <b>150,000.00</b>                    |                                      | Related to income                   |
| Special funds for post-subsidy of research and development expenses of science and technology enterprises in Zhengzhou for 2019 |                                      | 6,000,000.00                         | Related to assets                   |
| Land subsidy for the construction of plant for high technology-based heavy industries                                           |                                      | 1,485,813.87                         | Related to assets                   |
| Corporate R&D financial award and subsidy for 2019                                                                              |                                      | 1,340,700.00                         | Related to income                   |
| Study of pressure leaching copper smelting with copper sulfide concentrate and comprehensive utilization                        |                                      | 1,246,000.00                         | Related to income                   |
| Encouragement of innovation and entrepreneurship policy implementation award in Guanshan Lake District for 2018                 |                                      | 1,222,000.00                         | Related to income                   |
| Others:                                                                                                                         | <b>6,699,052.99</b>                  | 15,262,044.30                        |                                     |
| Including: income related                                                                                                       | <b>6,669,052.99</b>                  | 14,982,646.61                        | Related to income                   |
| assets related                                                                                                                  | <b>30,000.00</b>                     | 279,397.69                           | Related to assets                   |
| <b>Total</b>                                                                                                                    | <b>30,894,985.61</b>                 | 38,554,451.01                        | –                                   |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(54) Gain on investment**

| <b>Category</b>                                                          | <b>From January<br/>to June 2021</b> | <b>From January<br/>to June 2020</b> |
|--------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Gain on long-term equity investment accounted for<br>using equity method | <b>3,045,062.91</b>                  | -2,972,919.15                        |
| Gain on investment from disposal of long-term equity<br>investments      |                                      | 162,268.94                           |
| Gain on holding other equity instrument investment                       | <b>580,528.74</b>                    | 290,264.37                           |
| Gain or loss on derecognition of financial assets at<br>amortized cost   | <b>-25,870,682.82</b>                | -21,011,252.42                       |
| Gain on investment in wealth management products                         |                                      | 200,000.00                           |
| Gain or losses on debt restructuring                                     | <b>77,174.52</b>                     | 158,620.93                           |
| <b>Total</b>                                                             | <b>-22,167,916.65</b>                | -23,173,017.33                       |

Gains on debt restructuring of the Company, as a debtor, are as follows:

| <b>Debt restructuring method</b>           | <b>Carrying<br/>amount of debt</b> | <b>Gains on<br/>debt restructuring</b> |
|--------------------------------------------|------------------------------------|----------------------------------------|
| Settlement of debt with assets             | 77,174.52                          | 77,174.52                              |
| Conversion of debt into equity instruments |                                    |                                        |
| Modification of other terms                |                                    |                                        |
| Others                                     |                                    |                                        |
| <b>Total</b>                               | <b>77,174.52</b>                   | <b>77,174.52</b>                       |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(55) Gain on changes in fair value**

| <b>Source of gain on changes in fair value</b> | <b>From January<br/>to June 2021</b> | From January<br>to June 2020 |
|------------------------------------------------|--------------------------------------|------------------------------|
| Derivative instruments                         | <b>-4,085,714.29</b>                 |                              |
| Total                                          | <b>-4,085,714.29</b>                 |                              |

**(56) Credit impairment losses**

| <b>Item</b>                                     | <b>From January<br/>to June 2021</b> | From January<br>to June 2020 |
|-------------------------------------------------|--------------------------------------|------------------------------|
| Credit impairment loss on accounts receivable   | <b>-1,589,178.54</b>                 | -84,237,955.90               |
| Credit impairment loss on other receivables     | <b>15,978,362.89</b>                 | -21,031,969.73               |
| Credit impairment loss on long-term receivables | <b>720,182.15</b>                    | 4,063,473.64                 |
| Credit impairment loss on contract assets       |                                      | 12,136,063.88                |
| Total                                           | <b>15,109,366.50</b>                 | -89,070,388.11               |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(57) Asset impairment loss**

| <b>Item</b>                    | <b>From January<br/>to June 2021</b> | From January<br>to June 2020 |
|--------------------------------|--------------------------------------|------------------------------|
| Inventory impairment loss      | <b>-650,000.00</b>                   |                              |
| Contract asset impairment loss | <b>-7,801,908.40</b>                 |                              |
| Total                          | <b>-8,451,908.40</b>                 |                              |

**(58) Gain on disposal of assets**

| <b>Item</b>                             | <b>From January<br/>to June 2021</b> | From January<br>to June 2020 |
|-----------------------------------------|--------------------------------------|------------------------------|
| Gain on disposal of fixed assets        | <b>2,153,151.87</b>                  | 826,695.94                   |
| Gain on disposal of intangible assets   |                                      | 9,512,290.55                 |
| Gain on disposal of right-of-use assets |                                      | -320,412.94                  |
| Total                                   | <b>2,153,151.87</b>                  | 10,018,573.55                |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(59) Non-operating income****1. Items of non-operating income**

| <b>Item</b>                                             | <b>From January<br/>to June 2021</b> | <b>From January<br/>to June 2020</b> |
|---------------------------------------------------------|--------------------------------------|--------------------------------------|
| Government subsidies not related to daily activities    |                                      | 61,152.26                            |
| Net income related to “Three supplies and One Property” |                                      | 3,557,700.00                         |
| Liquidated damages income                               | <b>3,494,888.56</b>                  | 5,896,173.53                         |
| Payables that cannot be paid upon approval              | <b>1,052,239.67</b>                  | 27,382,408.67                        |
| Others                                                  | <b>4,709,953.30</b>                  | 1,975,246.18                         |
| <b>Total</b>                                            | <b>9,257,081.53</b>                  | 38,872,680.64                        |

**(60) Non-operating expense**

| <b>Item</b>           | <b>From January<br/>to June 2021</b> | <b>From January<br/>to June 2020</b> |
|-----------------------|--------------------------------------|--------------------------------------|
| Compensation expenses | <b>1,611,156.00</b>                  | 216,531.00                           |
| Others                | <b>13,397,937.09</b>                 | 2,380,344.11                         |
| <b>Total</b>          | <b>15,009,093.09</b>                 | 2,596,875.11                         |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(61) Income tax expenses****1. Particulars of income tax expenses**

| <b>Item</b>                                                                                     | <b>From January<br/>to June 2021</b> | From January<br>to June 2020 |
|-------------------------------------------------------------------------------------------------|--------------------------------------|------------------------------|
| Income tax expenses for the period calculated according to the tax law and relevant regulations | <b>45,654,256.93</b>                 | 34,081,186.82                |
| Deferred income tax expenses                                                                    | <b>-17,060,381.04</b>                | -9,470,319.78                |
| <b>Total</b>                                                                                    | <b>28,593,875.89</b>                 | 24,610,867.04                |

**2. Reconciliation of accounting profit and income tax expenses for the period****From January to June 2021**

| <b>Item</b>                                                                                                                 | <b>Amount</b>        |
|-----------------------------------------------------------------------------------------------------------------------------|----------------------|
| Total profit                                                                                                                | <b>79,836,407.55</b> |
| Income tax expense calculated at statutory/applicable tax rate                                                              | <b>11,975,461.13</b> |
| Impact of subsidiaries applying different tax rates                                                                         | <b>-5,137,214.12</b> |
| Impact of adjustments to income tax for prior period                                                                        | <b>-8,923,803.16</b> |
| Impact of non-taxable income                                                                                                | <b>-3,052,369.42</b> |
| Impact of non-deductible cost, expense and loss                                                                             | <b>3,071,473.58</b>  |
| Impact of utilizing deductible loss on which no deferred tax asset was recognized in prior period                           |                      |
| Impact of deductible temporary difference or deductible loss on which no deferred tax asset is recognized in current period | <b>33,255,660.61</b> |
| Income tax impact of interest on perpetual bonds recorded in equity                                                         | <b>-4,170,833.39</b> |
| Others                                                                                                                      | <b>1,575,500.66</b>  |
| <b>Income tax expenses</b>                                                                                                  | <b>28,593,875.89</b> |



## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(62) Statement of cash flows****1. Other cash received or paid related to operating activities**

| <b>Item</b>                                              | <b>From January<br/>to June 2021</b> | <b>From January<br/>to June 2020</b> |
|----------------------------------------------------------|--------------------------------------|--------------------------------------|
| Other cash received related to operating activities      | <b>314,419,816.75</b>                | 571,790,944.23                       |
| Including: Government subsidy related to income received | <b>30,944,413.53</b>                 | 52,010,630.15                        |
| Cash received for payment on behalf                      | <b>29,161,437.54</b>                 |                                      |
| Interests on demand deposits received                    | <b>29,409,156.42</b>                 | 44,956,711.68                        |
| Decrease in restricted cash                              | <b>221,825,490.67</b>                | 366,054,616.32                       |
| Deposits and security deposits recovered                 |                                      | 28,620,130.10                        |
| Other cash paid related to operating activities          | <b>235,082,985.40</b>                | 240,975,932.13                       |
| Including: Deposits and security deposits paid           | <b>44,173,772.04</b>                 |                                      |
| Office expenses paid                                     | <b>79,181,782.54</b>                 | 52,362,450.84                        |
| Travel expenses paid                                     | <b>29,393,426.16</b>                 | 14,364,446.65                        |
| R&D expense and intermediary fee paid                    | <b>39,068,759.55</b>                 | 29,772,943.56                        |
| Hospitality expenses paid                                | <b>8,902,892.01</b>                  | 8,763,332.82                         |
| Bank handling fees paid                                  | <b>26,344,771.25</b>                 | 24,099,092.41                        |
| Litigation loss paid                                     | <b>5,075,994.75</b>                  | 5,864,989.58                         |

**2. Other cash received or paid related to investing activities**

| <b>Item</b>                                                                                                              | <b>From January<br/>to June 2021</b> | <b>From January<br/>to June 2020</b> |
|--------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Other cash received related to investing activities                                                                      |                                      | 50,000,000.00                        |
| Including: Difference of cash paid for acquisition of a subsidiary below cash held by the subsidiary on acquisition date |                                      |                                      |
| Withdrawal of margin on futures                                                                                          |                                      | 50,000,000.00                        |
| Other cash paid related to investing activities                                                                          |                                      | 100,000,000.00                       |
| Payment of margin on futures                                                                                             |                                      | 100,000,000.00                       |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(62) Statement of cash flows (Continued)****3. Other cash received or paid related to financing activities**

| <b>Item</b>                                                                   | <b>From January<br/>to June 2021</b> | <b>From January<br/>to June 2020</b> |
|-------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Other cash received related to financing activities                           |                                      |                                      |
| Including: Cash received from bill financing                                  |                                      |                                      |
| Other cash paid related to financing activities                               | <b>5,615,074.95</b>                  | 2,959,437,446.22                     |
| Including: Redemption of perpetual bonds recorded in other equity instruments |                                      | 500,000,000.00                       |
| Cash paid in business combination under common control                        |                                      |                                      |
| Redemption of perpetual bonds of subsidiaries                                 |                                      | 2,424,205,000.00                     |
| Repayment of principal and interests of lease obligation                      | <b>4,295,004.64</b>                  | 4,336,909.94                         |
| Bond and perpetual bond issuance cost                                         | <b>1,320,070.31</b>                  | 225,536.28                           |
| Capital reduction paid to minority shareholders                               |                                      | 30,670,000.00                        |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(63) Supplementary details for cash flow statement****1. Supplementary details for cash flow statement**

| <b>Item</b>                                                                                                                                                                                       | <b>From January<br/>to June 2021</b> | <b>From January<br/>to June 2020</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| 1. Reconciliation of net profit to cash flows from operating activities                                                                                                                           |                                      |                                      |
| Net profit                                                                                                                                                                                        | <b>51,242,531.66</b>                 | -83,058,965.87                       |
| Add: Provision for assets impairment                                                                                                                                                              | <b>8,451,908.40</b>                  |                                      |
| Credit impairment loss                                                                                                                                                                            | <b>-15,109,366.50</b>                | 89,070,388.11                        |
| Depreciation of investment properties,<br>depreciation of fixed assets, depletion of<br>oil & gas assets, depreciation of bearer<br>biological assets and depreciation of right-<br>of-use assets | <b>98,449,085.46</b>                 | 86,895,402.51                        |
| Amortization of intangible assets                                                                                                                                                                 | <b>14,901,309.62</b>                 | 23,243,767.69                        |
| Amortization of long-term unamortized<br>expense                                                                                                                                                  | <b>22,299,403.66</b>                 | 5,310,489.77                         |
| Loss on disposal of fixed assets, intangible<br>assets and other long-term assets<br>("—" for gain)                                                                                               | <b>-2,153,151.87</b>                 | -10,018,573.55                       |
| Loss on scraping of fixed assets<br>("—" for gain)                                                                                                                                                | <b>-1,755,212.78</b>                 | -493,213.20                          |
| Loss on net exposure netting ("—" for gain)                                                                                                                                                       |                                      |                                      |
| Loss on fair value changes ("—" for gain)                                                                                                                                                         | <b>4,085,714.29</b>                  |                                      |
| Finance expense ("—" for gain)                                                                                                                                                                    | <b>250,199,509.79</b>                | 280,860,980.99                       |
| Investment loss ("—" for gain)                                                                                                                                                                    | <b>3,702,766.17</b>                  | 2,320,385.84                         |
| Decrease in deferred tax assets<br>("—" for increase)                                                                                                                                             | <b>-17,773,353.67</b>                | -7,089,675.72                        |
| Increase in deferred tax liabilities<br>("—" for decrease)                                                                                                                                        | <b>-745,522.18</b>                   | -392,852.59                          |
| Decrease in inventories ("—" for increase)                                                                                                                                                        | <b>59,247,625.47</b>                 | -591,484,580.59                      |
| Decrease in contract assets<br>("—" for increase)                                                                                                                                                 | <b>-1,344,312,933.86</b>             | 409,785,535.69                       |
| Decrease in operating receivables<br>("—" for increase)                                                                                                                                           | <b>1,085,113,944.60</b>              | -505,327,250.57                      |
| Increase in operating payables<br>("—" for decrease)                                                                                                                                              | <b>-829,464,077.57</b>               | -1,266,562,725.92                    |
| Others                                                                                                                                                                                            |                                      |                                      |
| Net cashflow from operating activities                                                                                                                                                            | <b>-613,619,819.31</b>               | -1,566,940,887.41                    |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(63) Supplementary details for cash flow statement (Continued)****1. Supplementary details for cash flow statement (Continued)**

| Item                                                                                    | From January<br>to June 2021 | From January<br>to June 2020 |
|-----------------------------------------------------------------------------------------|------------------------------|------------------------------|
| 2. Significant investing and financing activities not involving cash payment or receipt |                              |                              |
| Conversion from debt to capital                                                         |                              |                              |
| Convertible corporate bonds due within one year                                         |                              |                              |
| Fixed asset under finance lease                                                         |                              |                              |
| 3. Net changes in cash and cash equivalents                                             |                              |                              |
| Cash as at 30 June 2021                                                                 | 5,348,103,199.12             | 5,523,496,502.26             |
| Less: Cash as at 1 January 2021                                                         | 6,549,994,944.43             | 9,120,495,450.16             |
| Add: Cash equivalents as at 30 June 2021                                                |                              |                              |
| Less: Cash equivalents as at 1 January 2021                                             |                              |                              |
| Net increase in cash and cash equivalents                                               | -1,201,891,745.31            | -3,596,998,947.90            |

**2. Net cash paid during the period for acquisition of a subsidiary**

| Item                                                                                               | From January<br>to June 2021 | From January<br>to June 2020 |
|----------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Cash or cash equivalents paid during the period from business combination during the period        |                              |                              |
| Less: cash and cash equivalents held by a subsidiary on the acquisition date                       |                              |                              |
| Add: Cash or cash equivalents paid during the period from business combination in previous periods |                              | 25,418.56                    |
| Including: Luoyang Kaiying Technology Co., Ltd.                                                    |                              | 25,418.56                    |
| Net cash paid for acquisition of a subsidiary                                                      |                              | 25,418.56                    |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(63) Supplementary details for cash flow statement (Continued)****3. Cash and cash equivalents**

| <b>Item</b>                                                                                                 | <b>30 June 2021</b>     | <b>1 January 2021</b> |
|-------------------------------------------------------------------------------------------------------------|-------------------------|-----------------------|
| 1. Cash                                                                                                     | <b>5,348,103,199.12</b> | 6,549,994,944.43      |
| Including: cash on hand                                                                                     | <b>827,440.77</b>       | 644,341.40            |
| Bank deposits readily used for payment                                                                      | <b>5,388,419,545.63</b> | 6,600,712,134.14      |
| Other monetary fund readily used for payment                                                                | <b>468,286,900.95</b>   | 679,894,647.79        |
| Deposit with central bank available for use as payment                                                      |                         |                       |
| Deposits with banks                                                                                         |                         |                       |
| Amounts due from banks                                                                                      |                         |                       |
| Restricted monetary fund                                                                                    | <b>509,430,688.23</b>   | 731,256,178.90        |
| 2. Cash and cash equivalents                                                                                |                         |                       |
| Including: bond investment due within three months                                                          |                         |                       |
| 3. Cash and cash equivalents at end of the period                                                           | <b>5,348,103,199.12</b> | 6,549,994,944.43      |
| Including: use of restricted cash and cash equivalents by the parent company or subsidiary within the Group |                         |                       |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(64) “Others” in the statement of changes in owners’ equity****1. “Others” in the statement of changes in owners’ equity for the period**

- (1) Under “capital reserve”, the RMB349,939.96 change in “Others” was the effect caused by the recognition by China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd., a subsidiary of the Company, of a change in the other equity interests of its associate Chinalco Environmental Protection and Ecological Technology (Hunan) Co., Ltd. by using the equity method.

**(65) Assets with restricted ownership or use rights**

| <b>Item</b>           | <b>Book value as at<br/>30 June 2021</b> | <b>Reason for<br/>restriction</b> |
|-----------------------|------------------------------------------|-----------------------------------|
| Monetary fund         | <b>509,218,242.14</b>                    | Frozen, pledged                   |
| Notes receivable      | <b>64,513,009.67</b>                     | Pledged                           |
| Accounts receivable   | <b>226,644,794.60</b>                    | Pledged                           |
| Fixed assets          | <b>240,593,516.12</b>                    | Mortgaged                         |
| Investment properties | <b>35,766,863.12</b>                     | Mortgaged                         |
| <b>Total</b>          | <b>1,076,736,425.65</b>                  | –                                 |

## SECTION 10 FINANCIAL REPORT

**5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****(66) FCY monetary items****1. FCY monetary items**

| Item                  | 30 June 2021              | Exchange rate | Closing balance in RMB |
|-----------------------|---------------------------|---------------|------------------------|
| Monetary fund         |                           |               | 698,019,979.86         |
| Including: USD        | <b>90,873,580.79</b>      | 6.4601        | 587,052,419.26         |
| VND                   | <b>9,543,277,526.00</b>   | 0.0003        | 2,677,838.08           |
| INR                   | <b>57,061,695.47</b>      | 0.0869        | 4,961,295.54           |
| IDR                   | <b>213,992,164,960.07</b> | 0.0004        | 95,437,403.17          |
| MYR                   | <b>5,071,403.18</b>       | 1.5560        | 7,891,023.81           |
| Accounts receivable   |                           |               | 1,056,689,607.64       |
| Including: USD        | <b>156,571,486.07</b>     | 6.4601        | 1,011,467,457.16       |
| VND                   | <b>141,830,430,103.00</b> | 0.0003        | 39,797,535.52          |
| INR                   | <b>28,513,154.60</b>      | 0.0869        | 2,479,109.42           |
| IDR                   | <b>6,604,487,194.00</b>   | 0.0004        | 2,945,505.54           |
| Accounts payable      |                           |               | 90,454,232.82          |
| Including: USD        | <b>11,468,142.41</b>      | 6.4601        | 74,085,346.78          |
| VND                   | <b>58,335,424,963.00</b>  | 0.0003        | 16,368,886.04          |
| Short-term borrowings |                           |               | 184,574,285.71         |
| Including: USD        | <b>28,571,428.57</b>      | 6.4601        | 184,574,285.71         |

**2. Functional currency of significant overseas entities**

| Significant overseas entity            | Principal place of business | Functional currency | Basis                         |
|----------------------------------------|-----------------------------|---------------------|-------------------------------|
| Chalieco Hong Kong Corporation Limited | Hong Kong, the PRC          | USD                 | Revenue from daily activities |

## SECTION 10 FINANCIAL REPORT

### **6. CHANGE IN SCOPE OF CONSOLIDATION**

- (1) There was no change in the scope of consolidation in this period.



## SECTION 10 FINANCIAL REPORT

## 7. EQUITY IN OTHER ENTITIES

## (1) Equity in subsidiaries

## 1. Composition of Group

| Subsidiary                                                                   | Business type | Place of incorporation                                | Registered capital (RMB'0,000) | Principal place of business | Business nature                                           | Shareholding percentage (%) |          | Means of acquisition |
|------------------------------------------------------------------------------|---------------|-------------------------------------------------------|--------------------------------|-----------------------------|-----------------------------------------------------------|-----------------------------|----------|----------------------|
|                                                                              |               |                                                       |                                |                             |                                                           | Direct                      | Indirect |                      |
| China Nonferrous Metals Processing Technology Co., Ltd.                      | 1             | High-tech Zone, Luoyang City                          | 11,515.00                      | Luoyang, Henan              | Technical development and equipment sales                 | 73.50                       |          | 2                    |
| Luoyang Jincheng Construction Supervision Co., Ltd.                          | 1             | Jianxi District, Luoyang City                         | 500.00                         | Luoyang, Henan              | Construction supervision                                  |                             | 100.00   | 2                    |
| Luoyang Foyang Decoration Engineering Co., Ltd.                              | 1             | High-tech Zone, Luoyang City                          | 2,050.00                       | Luoyang, Henan              | Other construction and installation industry              |                             | 51.22    | 2                    |
| Luoyang Kaijing Technology Co., Ltd.                                         | 1             | Luolong District, Luoyang City                        | 20,000.00                      | Luoyang City, Henan         | IT consultancy service                                    |                             | 100.00   | 2                    |
| Suzhou Nonferrous Metal Materials Deyuan Environmental Protection Co., Ltd.  | 1             | Suzhou High-tech Zone                                 | 2,500.00                       | Suzhou, Jiangsu             | Environmental protection technology development and sales |                             | 62.50    | 1                    |
| Sixth Metallurgical Construction Company of China Nonferrous Metals Industry | 1             | Huaihe Road, Zhengzhou City                           | 234,616.53                     | Zhengzhou, Henan            | Construction projects                                     | 100.00                      |          | 2                    |
| Sixth Metallurgical Luoyang Construction Co., Ltd.                           | 1             | Jianxi district, Luoyang City                         | 1,659.80                       | Luoyang, Henan              | Construction projects                                     |                             | 100.00   | 1                    |
| Sixth Metallurgical Luoyang Mechanical and Electrical Installation Co., Ltd. | 1             | Jianxi district, Luoyang City                         | 1,117.33                       | Luoyang, Henan              | Construction projects                                     |                             | 100.00   | 1                    |
| Sixth Metallurgical (Zhengzhou) Technology Heavy Industry Co., Ltd.          | 1             | Industrial Agglomeration Area, Xinmi City             | 8,500.00                       | Zhengzhou, Henan            | Engineering machinery manufacturing                       |                             | 100.00   | 1                    |
| Henan Sixth Metallurgical Trading Co., Ltd.                                  | 1             | Zhengzhou Economic and Technological Development Zone | 3,000.00                       | Zhengzhou, Henan            | Trading business                                          |                             | 100.00   | 1                    |

## SECTION 10 FINANCIAL REPORT

## 7. EQUITY IN OTHER ENTITIES (Continued)

## (1) Equity in subsidiaries (Continued)

## 1. Composition of Group (Continued)

| Subsidiary                                                                  | Business type | Place of incorporation                         | Registered capital (RMB'0,000) | Principal place of business | Business nature                            | Shareholding percentage (%) |          | Means of acquisition |
|-----------------------------------------------------------------------------|---------------|------------------------------------------------|--------------------------------|-----------------------------|--------------------------------------------|-----------------------------|----------|----------------------|
|                                                                             |               |                                                |                                |                             |                                            | Direct                      | Indirect |                      |
| Panzhou Haohong Project Management Co., Ltd.                                | 1             | Liupanshui City, Guizhou Province              |                                | Guiyang, Guizhou            | Construction projects                      | 30.00                       |          | 1                    |
| Tongchuan Hao Tong Construction Co., Ltd.                                   | 1             | Tongchuan City, Shaanxi Province               | 12,000.00                      | Tongchuan, Shaanxi          | Construction projects                      | 80.00                       |          | 1                    |
| China Aluminum Great Wall Construction Co., Ltd.                            | 1             | Shangjie District, Zhengzhou City              | 26,853.63                      | Henan                       | Engineering and construction contracting   | 100.00                      |          | 2                    |
| Huaian Tong Yun Construction Co., Ltd.                                      | 1             | Huaiyin District, Huai'an City                 | 10,077.73                      | Jiangsu                     | Construction projects                      | 100.00                      |          | 1                    |
| Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy | 1             | Furong District, Changsha City                 | 72,468.87                      | Changsha, Hunan             | Survey and design                          | 100.00                      |          | 2                    |
| Changsha Cinqsoft Info Tech Co., Ltd.                                       | 1             | Changsha High-tech Industrial Development Zone | 200.00                         | Changsha                    | Software development and technical service | 100.00                      |          | 2                    |
| Hunan Huachu Project Management Co., Ltd.                                   | 1             | Furong District, Changsha City                 | 600.02                         | Hunan                       | Consultancy and supervision service        | 100.00                      |          | 2                    |
| Hunan Changye Construction Drawing Examination Co., Ltd.                    | 1             | Furong District, Changsha City                 | 329.99                         | Hunan                       | Construction drawing examination           | 100.00                      |          | 2                    |
| Huachu High-Tech (Hunan) Co., Ltd.                                          | 1             | Jiuhua Demonstration Zone, Xiangtan            | 3,500.00                       | Xiangtan                    | Equipment sales                            | 100.00                      |          | 1                    |
| China Aluminum International South Engineering Co., Ltd.                    | 1             | Nanding Town, Zhangdian, Zibo                  | 15,290.00                      | Shandong                    | Construction and installation              | 100.00                      |          | 2                    |
| Wenzhou Tongrun Construction Co., Ltd.                                      | 1             | Lucheng District, Wenzhou City                 | 10,000.00                      | Wenzhou                     | Construction projects                      | 60.00                       | 40.00    | 1                    |

## SECTION 10 FINANCIAL REPORT

## 7. EQUITY IN OTHER ENTITIES (Continued)

## (1) Equity in subsidiaries (Continued)

## 1. Composition of Group (Continued)

| Subsidiary                                                           | Business type | Place of incorporation                             | Registered capital (RMB'0,000) | Principal place of business     | Business nature          | Shareholding percentage (%) |          | Means of acquisition |
|----------------------------------------------------------------------|---------------|----------------------------------------------------|--------------------------------|---------------------------------|--------------------------|-----------------------------|----------|----------------------|
|                                                                      |               |                                                    |                                |                                 |                          | Direct                      | Indirect |                      |
| Wenzhou Tonghui Construction Co., Ltd.                               | 1             | Longwan District, Wenzhou City                     | 3,000.00                       | Wenzhou                         | Construction projects    | 90.00                       | 10.00    | 1                    |
| Ninth Metallurgical Construction Co., Ltd.                           | 1             | Weicheng District, Xianyang city, Shaanxi province | 32,000.00                      | Xianyang                        | Engineering construction | 72.08                       |          | 3                    |
| Henan Ninth Metallurgical Construction Co., Ltd.                     | 1             | Zhengzhou City, Henan Province                     | 5,000.00                       | Zhengzhou                       | Engineering construction |                             | 100.00   | 3                    |
| Zhengzhou Ninth Metallurgical Sanwei Chemical Machinery Co., Ltd.    | 1             | Zhengzhou City, Henan Province                     | 10,000.00                      | Zhengzhou                       | Equipment manufacturing  |                             | 100.00   | 3                    |
| Hanzhong Ninth Metallurgical Construction Co., Ltd.                  | 1             | Mian County, Shaanxi Province                      | 12,000.00                      | Hanzhong City, Shaanxi Province | Engineering construction |                             | 100.00   | 3                    |
| Ankang Ninth Metallurgical Changjiali Concrete Co., Ltd.             | 1             | Ankang City, Shaanxi Province                      | 1,000.00                       | Ankang City, Shaanxi Province   | Concrete production      |                             | 100.00   | 3                    |
| Xinjiang Ninth Metallurgical Construction Co., Ltd.                  | 1             | Changji Prefecture, Xinjiang                       | 6,000.00                       | Xinjiang                        | Engineering construction |                             | 100.00   | 3                    |
| Xianyang Ninth Metallurgical Steel Structure Co., Ltd.               | 1             | Xianyang City, Shaanxi province                    | 630.00                         | Xianyang City                   | Equipment manufacturing  |                             | 100.00   | 3                    |
| Mian County Ninth Metallurgical Kindergarten                         | 1             | Mian County, Shaanxi Province                      | 50.00                          | Mian County, Hanzhong City      | Pre-school education     |                             | 100.00   | 3                    |
| Ninth Metallurgical Hanzhong Construction Design Institute Co., Ltd. | 1             | Mian County, Shaanxi Province                      | 50.00                          | Hanzhong City, Shaanxi Province | Survey and design        |                             | 100.00   | 3                    |

## SECTION 10 FINANCIAL REPORT

## 7. EQUITY IN OTHER ENTITIES (Continued)

## (1) Equity in subsidiaries (Continued)

## 1. Composition of Group (Continued)

| Subsidiary                                                                                             | Business type | Place of incorporation             | Registered capital (RMB'0,000) | Principal place of business | Business nature                                          | Shareholding percentage (%) |          | Means of acquisition |
|--------------------------------------------------------------------------------------------------------|---------------|------------------------------------|--------------------------------|-----------------------------|----------------------------------------------------------|-----------------------------|----------|----------------------|
|                                                                                                        |               |                                    |                                |                             |                                                          | Direct                      | Indirect |                      |
| Shaanxi Zhong Mian Investment Company Limited                                                          | 1             | Mian County, Shaanxi Province      | 10,000.00                      | Shaanxi                     | Hot spring project development and operations management |                             | 51.00    | 1                    |
| Shenyang Aluminum & Magnesium Design Institute Co., Ltd.                                               | 1             | Heping District, Shenyang City     | 49,074.32                      | Shenyang                    | Engineering survey and design                            | 100.00                      |          | 1                    |
| Shenyang Boyu Technology Co., Ltd.                                                                     | 1             | Suijiatun District, Shenyang City  | 2,025.00                       | Liaoning                    | Industrial manufacturing                                 |                             | 100.00   | 1                    |
| Shenyang Aluminum & Magnesium Technology Co., Ltd.                                                     | 1             | Heping District, Shenyang City     | 1,050.00                       | Liaoning                    | Technical service                                        |                             | 100.00   | 1                    |
| Shenyang Aluminum & Magnesium Engineering & Research Institute Construction Supervision Co., Ltd.      | 1             | Heping District, Shenyang City     | 411.80                         | Liaoning                    | Construction supervision                                 |                             | 100.00   | 1                    |
| Beijing Huayu Aerospace Control High-Tech Co., Ltd.                                                    | 1             | Haiding district, Beijing          | 1,750.00                       | Beijing                     | Technology research and development                      |                             | 60.00    | 1                    |
| China Nonferrous Metals Industry's Twelfth Metallurgical Construction Co., Ltd.                        | 1             | Xinghualing District, Taiyuan City | 53,341.94                      | Shanxi                      | Construction projects                                    | 100.00                      |          | 2                    |
| China Nonferrous Metals Industry's Twelfth Metallurgical Chongqing Energy Savings Technology Co., Ltd. | 1             | Nan'an District, Chongqing City    | 1,200.00                       | Chongqing                   | Contract energy management                               |                             | 100.00   | 1                    |
| Shanxi Nonferrous Metal Twelfth Metallurgical Supplies Co., Ltd.                                       | 1             | Xinghualing District, Taiyuan City | 1,500.00                       | Taiyuan                     | Commodity trading                                        |                             | 100.00   | 1                    |

## SECTION 10 FINANCIAL REPORT

## 7. EQUITY IN OTHER ENTITIES (Continued)

## (1) Equity in subsidiaries (Continued)

## 1. Composition of Group (Continued)

| Subsidiary                                                                             | Business type | Place of incorporation                             | Registered capital (RMB'0,000) | Principal place of business                        | Business nature                        | Shareholding percentage (%) |          | Means of acquisition |
|----------------------------------------------------------------------------------------|---------------|----------------------------------------------------|--------------------------------|----------------------------------------------------|----------------------------------------|-----------------------------|----------|----------------------|
|                                                                                        |               |                                                    |                                |                                                    |                                        | Direct                      | Indirect |                      |
| Shanxi Longye Construction Labor Service Co., Ltd.                                     | 1             | Xinghualing District Taiyuan City, Shanxi province | 200.00                         | Xinghualing District Taiyuan City, Shanxi province | Construction and installation industry | 100.00                      |          | 1                    |
| China Aluminum International 12MCC Construction Co., Ltd.                              | 3             | Incheon, South Korea                               | 351.12                         | Incheon, South Korea                               | Construction and installation industry | 80.00                       |          | 1                    |
| China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd. | 1             | Furong District, Changsha City                     | 18,373.00                      | Hunan                                              | Survey and design                      | 100.00                      |          | 2                    |
| Shenzhen Changkan Survey and Design Co., Ltd.                                          | 1             | Sherman East Road, Shenzhen City                   | 1,502.00                       | Guangdong                                          | Technical service                      | 100.00                      |          | 2                    |
| Changsha Tongxiang Construction Co., Ltd.                                              | 1             | Yuelu District, Changsha City                      | 2,500.00                       | Changsha                                           | Construction projects                  | 40.00                       | 60.00    | 1                    |
| Hunan Tongdu Investment and Development Co., Ltd.                                      | 1             | Furong District, Changsha City                     | 1,000.00                       | Changsha                                           | Investment                             | 60.00                       | 40.00    | 1                    |
| China Aluminum International Engineering & Equipment Co., Ltd.                         | 1             | Haiding district, Beijing                          | 20,000.00                      | Beijing                                            | Equipment sales                        | 100.00                      |          | 1                    |
| China Aluminum International Shandong Chemical Industry Co., Ltd.                      | 1             | Zibo High-tech Zone                                | 5,000.00                       | Shandong                                           | Equipment sales                        | 100.00                      |          | 1                    |
| China Aluminum International Logistic (Tianjin) Co., Ltd.                              | 1             | Tianjin Airport Economic Zone                      | 5,000.00                       | Tianjin                                            | Trading                                | 100.00                      |          | 1                    |
| Shanghai China Aluminum International Supply Chain Management Co., Ltd.                | 1             | Pudong New Area, Shanghai                          | 2,100.00                       | Pudong New Area, Shanghai                          | Trading                                | 100.00                      |          | 1                    |

## SECTION 10 FINANCIAL REPORT

## 7. EQUITY IN OTHER ENTITIES (Continued)

## (1) Equity in subsidiaries (Continued)

## 1. Composition of Group (Continued)

| Subsidiary                                                                     | Business type | Place of incorporation                 | Registered capital (RMB'0,000) | Principal place of business | Business nature                     | Shareholding percentage (%) |          | Means of acquisition |
|--------------------------------------------------------------------------------|---------------|----------------------------------------|--------------------------------|-----------------------------|-------------------------------------|-----------------------------|----------|----------------------|
|                                                                                |               |                                        |                                |                             |                                     | Direct                      | Indirect |                      |
| Chaleco Hong Kong Corporation Limited                                          | 3             | Queen's Road East, Wan Chai, Hong Kong | 6,557.20                       | Hong Kong                   | Investment                          | 100.00                      |          | 1                    |
| Chaleco Malaysia Sdn.Bhd.                                                      | 3             | Other overseas regions                 | 157.92                         | Malaysia                    | Engineering survey and design       |                             | 100.00   | 1                    |
| Shanghai Chaleco Fengyuan Equity Investment Fund Partnership (Limited Partner) | 1             | China (Shanghai) Pilot Free Trade Zone | 45,930.58                      | Shanghai                    | Trading                             |                             | 99.95    | 1                    |
| China Aluminum International Investment Management (Shanghai) Co., Ltd.        | 1             | China (Shanghai) Pilot Free Trade Zone | 49,400.00                      | Shanghai                    | Trading                             | 5.00                        | 95.00    | 1                    |
| Chaleco (Tianjin) Construction Co., Ltd.                                       | 1             | Tianjin Airport Economic Area          | 21,100.00                      | Tianjin                     | Engineering construction            | 100.00                      |          | 2                    |
| Xinchengtong (Tianjin) Construction Engineering Co., Ltd.                      | 1             | Ji County, Tianjin                     | 10.00                          | Tianjin                     | Construction projects               |                             | 100.00   | 1                    |
| China Aluminum International Technology Development Co., Ltd.                  | 1             | Haiding district, Beijing              | 6,000.00                       | Beijing                     | Technology research and development | 100.00                      |          | 1                    |
| China Aluminum International Engineering (India) Private Limited               | 3             | West Bengal, India                     | 594.24                         | India                       | Construction projects               | 99.99                       | 0.01     | 1                    |
| China Aluminum International Yunnan Aluminum Application Engineering Co., Ltd. | 1             | Haidian District, Beijing              | 7,800.00                       | Beijing                     | Investment consultancy              | 100.00                      |          | 1                    |
| Duyun Development Zone Tongda Construction Co., Ltd.                           | 1             | Duyun Economic Development Zone        | 1,000.00                       | Guizhou                     | Engineering construction            | 50.00                       | 50.00    | 1                    |
| Guiyang Aluminum and Magnesium Design Institute Co., Ltd.                      | 1             | Guanshanhu District, Guiyang City      | 70,000.00                      | Guizhou                     | Design consultancy                  | 100.00                      |          | 1                    |

## SECTION 10 FINANCIAL REPORT

## 7. EQUITY IN OTHER ENTITIES (Continued)

## (1) Equity in subsidiaries (Continued)

## 1. Composition of Group (Continued)

| Subsidiary                                                                         | Business type | Place of incorporation                                      | Registered capital (RMB'0,000) | Principal place of business | Business nature                                      | Shareholding percentage (%) |          | Means of acquisition |
|------------------------------------------------------------------------------------|---------------|-------------------------------------------------------------|--------------------------------|-----------------------------|------------------------------------------------------|-----------------------------|----------|----------------------|
|                                                                                    |               |                                                             |                                |                             |                                                      | Direct                      | Indirect |                      |
| Guiyang Aluminum and Magnesium Design Institute Construction Contracting Co., Ltd. | 1             | Guanshanhu District, Guiyang City                           | 4,500.00                       | Guizhou                     | Engineering construction                             | 100.00                      |          | 1                    |
| Guiyang Zhenxing Aluminum & Magnesium Technological Development Co., Ltd.          | 1             | Guiyang Startup Service Center of High and New Technologies | 3,000.00                       | Guizhou                     | Technology development and software design           | 100.00                      |          | 1                    |
| Guizhou Light Metal Innovation Research and Equipment Process Co., Ltd.            | 1             | Gaoxin District, Guiyang City                               | 1,000.00                       | Guizhou                     | Technology development and software design           | 100.00                      |          | 1                    |
| Guiyang Xinyu Construction Supervision Co., Ltd.                                   | 1             | Jingyang New District, Guiyang City, Guizhou Province       | 1,341.95                       | Guizhou                     | Engineering supervision and consultancy              | 100.00                      |          | 1                    |
| Guizhou Yundu Properties Company Limited                                           | 1             | Duyun Economic Development Zone                             | 12,800.00                      | Guizhou                     | Real estate development and engineering construction | 100.00                      |          | 1                    |
| Guizhou Shunan Mechanical and Electric Equipment Co., Ltd.                         | 1             | Pingba County, Anshui City                                  | 6,198.00                       | Guizhou                     | Equipment manufacturing                              | 100.00                      |          | 3                    |
| Guangxi Tongrui Investment Construction Co., Ltd.                                  | 1             | Liangqing District, Nanning City                            | 25,000.00                      | Guangxi                     | Building construction                                | 100.00                      |          | 1                    |
| China Aluminum International Aluminum Application Engineering Co., Ltd.            | 1             | Haidian District, Beijing                                   | 14,450.00                      | Beijing                     | Trading and technical service                        | 100.00                      |          | 1                    |
| Shanxi Nonferrous Metal Twelfth Metallurgical Advanced Materials Co., Ltd.         | 1             | Jiancaoping, Taiyuan City                                   | 2,358.82                       | Shanxi                      | Scientific research and technical service industry   |                             | 66.00    | 1                    |

## SECTION 10 FINANCIAL REPORT

## 7. EQUITY IN OTHER ENTITIES (Continued)

## (1) Equity in subsidiaries (Continued)

## 1. Composition of Group (Continued)

| Subsidiary                                                                        | Business type | Place of incorporation               | Registered capital (RMB'0,000) | Principal place of business          | Business nature                              | Shareholding percentage (%) |          | Means of acquisition |
|-----------------------------------------------------------------------------------|---------------|--------------------------------------|--------------------------------|--------------------------------------|----------------------------------------------|-----------------------------|----------|----------------------|
|                                                                                   |               |                                      |                                |                                      |                                              | Direct                      | Indirect |                      |
| Qingdao Xinfu Gongchuang Asset Management Company Limited                         | 1             | Shinan District, Qingdao City        | 1,000.00                       | Shandong                             | Commercial development and operations        | 90.00                       |          | 3                    |
| Chalco Shandong Engineering Technology Co., Ltd.                                  | 1             | Zhangdian District, Zibo City        | 27,460.71                      | Shandong                             | Other construction and installation industry | 60.00                       |          | 2                    |
| Chalco Wancheng Shandong Construction Co., Ltd.                                   | 1             | Zhangdian District, Zibo City        | 6,381.00                       | Shandong                             | Other construction and installation industry |                             | 96.57    | 2                    |
| Kunming Survey and Design institute Co., Ltd. of China Nonferrous Metals industry | 1             | Panlong District, Kunming City       | 10,850.00                      | Kunming                              | Engineering survey and design                | 100.00                      |          | 2                    |
| Kunming Technology Development Co., Ltd.                                          | 1             | Panlong District, Kunming City       | 200.00                         | Kunming                              | Other construction and installation industry |                             | 100.00   | 2                    |
| China Nonferrous Metals Kunming Survey and Design Institute DR Congo Company      | 3             | The Democratic Republic of the Congo | 5.45                           | The Democratic Republic of the Congo | Technological services for geological survey |                             | 100.00   | 1                    |
| Chinalco Southwest Construction Investment Co., Ltd.                              | 1             | Xishan District, Kunming City        | 20,000.00                      | Kunming                              | Project investments                          | 100.00                      |          | 1                    |
| Yunnan Miyu Expressway Investment and Development Co., Ltd.                       | 1             | Huaning County, Yuxi City            | 70,000.00                      | Yuxi City, Yunnan Province           | Engineering construction                     | 43.60                       | 10.20    | 3                    |



## SECTION 10 FINANCIAL REPORT

**7. EQUITY IN OTHER ENTITIES (Continued)****(1) Equity in subsidiaries (Continued)****1. Composition of Group (Continued)**

Notes:

- (1) Business type: 1. Domestic non-financial subsidiaries, 2. Domestic financial subsidiaries, 3. Overseas subsidiaries, 4. public institutions, and 5. infrastructure units.
- (2) Means of acquisition: 1. Incorporation; 2. Business combination under common control, 3. Business combination not under common control, 4. Others.
- (3) China Aluminum International Engineering (India) Private Limited, a subsidiary incorporated in India, needs to follow local foreign exchange management policies, pursuant to which such subsidiary must obtain prior approval from the local foreign exchange administration to pay cash dividends to the Company and other investors.

**2. Particulars of significant partially-owned subsidiaries**

| No. | Company name                                            | Shareholding                 | P&L                                                  | Declared                                          | Minority interest at the end of the period |
|-----|---------------------------------------------------------|------------------------------|------------------------------------------------------|---------------------------------------------------|--------------------------------------------|
|     |                                                         | of minority shareholders (%) | attributable to minority shareholders for the period | dividends to minority shareholders for the period |                                            |
| 1   | China Nonferrous Metals Processing Technology Co., Ltd. | 26.50                        | 6,766,643.42                                         |                                                   | 1,385,532.59                               |
| 2   | Ninth Metallurgical Construction Co., Ltd.              | 26.92                        | -5,446,551.00                                        |                                                   | 277,551,414.70                             |
| 3   | Chalco Shandong Engineering Technology Co., Ltd.        | 40.00                        | 8,920,669.77                                         |                                                   | 129,547,667.10                             |

Note: The shareholding of minority shareholders of the subsidiaries is in line with their proportion of voting rights.

## SECTION 10 FINANCIAL REPORT

## 7. EQUITY IN OTHER ENTITIES (Continued)

## (1) Equity in subsidiaries (Continued)

## 3. Major financial information of significant partially-owned subsidiaries (except for those classified as held for sale)

| No. | Subsidiary name                                         | 30 June 2021     |                    |                  |                     |                         |                   |
|-----|---------------------------------------------------------|------------------|--------------------|------------------|---------------------|-------------------------|-------------------|
|     |                                                         | Current assets   | Non-current assets | Total assets     | Current liabilities | Non-current liabilities | Total liabilities |
| 1   | China Nonferrous Metals Processing Technology Co., Ltd. | 813,612,841.17   | 1,106,448,927.21   | 1,920,061,768.38 | 1,453,606,819.36    | 443,609,391.76          | 1,897,216,211.12  |
| 2   | Ninth Metallurgical Construction Co., Ltd.              | 7,751,512,860.70 | 1,036,694,870.32   | 8,788,207,731.02 | 6,907,576,814.11    | 778,624,032.79          | 7,686,200,846.90  |
| 3   | Chalco Shandong Engineering Technology Co., Ltd.        | 1,103,607,226.62 | 154,933,337.75     | 1,258,540,564.37 | 916,586,955.81      | 16,000,000.00           | 932,586,955.81    |

| No. | Subsidiary name                                         | 1 January 2021   |                    |                  |                     |                         |                   |
|-----|---------------------------------------------------------|------------------|--------------------|------------------|---------------------|-------------------------|-------------------|
|     |                                                         | Current assets   | Non-current assets | Total assets     | Current liabilities | Non-current liabilities | Total liabilities |
| 1   | China Nonferrous Metals Processing Technology Co., Ltd. | 885,413,759.69   | 1,116,218,246.92   | 2,001,632,006.61 | 1,530,759,156.47    | 424,458,916.11          | 1,955,218,072.58  |
| 2   | Ninth Metallurgical Construction Co., Ltd.              | 7,818,414,832.49 | 920,638,472.20     | 8,739,053,304.69 | 6,646,757,009.69    | 1,015,704,391.54        | 7,662,461,401.23  |
| 3   | Chalco Shandong Engineering Technology Co., Ltd.        | 1,156,210,344.37 | 156,669,056.77     | 1,312,879,401.14 | 948,613,202.67      | 16,000,000.00           | 964,613,202.67    |

## SECTION 10 FINANCIAL REPORT

## 7. EQUITY IN OTHER ENTITIES (Continued)

## (1) Equity in subsidiaries (Continued)

## 3. Major financial information of significant partially-owned subsidiaries (except for those classified as held for sale) (Continued)

| No. | Subsidiary name                                         | Operating revenue | From January to June 2021 |                            | Cash flow from operating activities |
|-----|---------------------------------------------------------|-------------------|---------------------------|----------------------------|-------------------------------------|
|     |                                                         |                   | Net profit                | Total comprehensive income |                                     |
| 1   | China Nonferrous Metals Processing Technology Co., Ltd. | 355,698,606.89    | -24,691,991.68            | -24,927,441.68             | -14,475,938.86                      |
| 2   | Ninth Metallurgical Construction Co., Ltd.              | 2,238,936,989.54  | 21,087,287.26             | 20,920,687.26              | -161,198,858.35                     |
| 3   | Chalco Shandong Engineering Technology Co., Ltd.        | 270,734,109.36    | -22,527,125.70            | -22,527,125.70             | -28,312,868.83                      |

| No. | Subsidiary name                                         | Operating revenue | From January to June 2020 |                            | Cash flow from operating activities |
|-----|---------------------------------------------------------|-------------------|---------------------------|----------------------------|-------------------------------------|
|     |                                                         |                   | Net profit                | Total comprehensive income |                                     |
| 1   | China Nonferrous Metals Processing Technology Co., Ltd. | 330,196,280.22    | -13,654,462.39            | -13,666,362.39             | 48,295,544.91                       |
| 2   | Ninth Metallurgical Construction Co., Ltd.              | 1,919,292,937.17  | 52,853,114.32             | 52,982,533.54              | 22,647,665.85                       |
| 3   | Chalco Shandong Engineering Technology Co., Ltd.        | 363,840,693.06    | -4,561,159.07             | -4,561,159.07              | 99,171.55                           |

## SECTION 10 FINANCIAL REPORT

## 7. EQUITY IN OTHER ENTITIES (Continued)

## (2) Transactions with changes in percentage of equity interest ownership in subsidiaries but without losing control

1. Explanation on changes in percentage of equity interest ownership in subsidiaries: Nil.
2. Effect of transfer on non-controlling shareholder's equity interests and equity interest attributable to the owners of the parent: Nil.

## (3) Interests in joint ventures or associates

## 1. Particulars of significant joint ventures and associates

## (1) Particulars of significant joint ventures

| Joint venture name                                                         | Business type                   | Place of incorporation | Registered capital (RMB'0,000) | Principal place of business | Business nature                       | Shareholding percentage (%) |          | Accounting treatment method |
|----------------------------------------------------------------------------|---------------------------------|------------------------|--------------------------------|-----------------------------|---------------------------------------|-----------------------------|----------|-----------------------------|
|                                                                            |                                 |                        |                                |                             |                                       | Direct                      | Indirect |                             |
| Shanghai Fengtong Equity Investment Fund Partnership (Limited Partnership) | Limited Partnership             | Shanghai               | –                              | Shanghai                    | Investment company                    | 40.00                       |          | Equity method               |
| Zhongji Sunward Technology Co., Ltd.                                       | Other limited liability company | Hunan                  | 8,000.00                       | Hunan                       | Metallurgical equipment manufacturing |                             | 49.00    | Equity method               |

## (2) Particulars of significant associates

| Associate name                                                                 | Business type                           | Place of incorporation | Registered capital (RMB' 0,000) | Principal place of business | Business scope                         | Shareholding percentage (%) |          | Accounting treatment method |
|--------------------------------------------------------------------------------|-----------------------------------------|------------------------|---------------------------------|-----------------------------|----------------------------------------|-----------------------------|----------|-----------------------------|
|                                                                                |                                         |                        |                                 |                             |                                        | Direct                      | Indirect |                             |
| China Aluminum South Aluminum (Fujian) Aluminum Structure Technology Co., Ltd. | Limited liability company (state-owned) | Yancheng city          | 14,926.00                       | Jiangsu                     | Research and experimental development  |                             | 33.50    | Equity method               |
| Sichuan Chuannan Rail Transit Operation Co., Ltd.                              | Other limited liability company         | Yibin                  | 28,000.00                       | Sichuan                     | Road transport industry                |                             | 10.00    | Equity method               |
| Guizhou Tongye Construction Development Co., Ltd.                              | Other limited liability company         | Guiyang                | 3,000.00                        | Guizhou                     | Construction and installation industry |                             | 45.00    | Equity method               |

## SECTION 10 FINANCIAL REPORT

## 7. EQUITY IN OTHER ENTITIES (Continued)

## (3) Interests in joint ventures or associates (Continued)

## 2. Major financial information of significant joint ventures (except for those classified as held-for-sale)

| Item                                                                       | 30 June 2021/from<br>January to June 2021<br>Shanghai                  |                                               | 1 January 2021/from<br>January to June 2020<br>Shanghai                |                                               |
|----------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------|
|                                                                            | Fengtong Equity<br>Investment Fund<br>Partnership<br>(Limited Partner) | Zhongji<br>Sunward<br>Technology<br>Co., Ltd. | Fengtong Equity<br>Investment Fund<br>Partnership<br>(Limited Partner) | Zhongji<br>Sunward<br>Technology<br>Co., Ltd. |
| Current assets                                                             | 70,418,131.76                                                          | 130,791,199.52                                | 70,374,482.60                                                          | 129,799,622.50                                |
| Including: cash and cash equivalents                                       | 19,283,966.26                                                          | 39,948,215.65                                 | 2,708,345.64                                                           | 36,896,000.25                                 |
| Non-current assets                                                         | 465.97                                                                 | 15,362,879.56                                 | 465.97                                                                 | 17,208,153.89                                 |
| Total assets                                                               | 70,418,597.73                                                          | 146,154,079.08                                | 70,374,948.57                                                          | 147,007,776.39                                |
| Current liabilities                                                        | 10,478,700.35                                                          | 49,014,844.90                                 | 10,478,700.35                                                          | 42,387,542.20                                 |
| Non-current liabilities                                                    |                                                                        |                                               |                                                                        |                                               |
| Total liabilities                                                          | 10,478,700.35                                                          | 49,014,844.90                                 | 10,478,700.35                                                          | 42,387,542.20                                 |
| Minority interests                                                         | 1,000,000.00                                                           |                                               | 1,000,000.00                                                           |                                               |
| Equity attributable to shareholders of<br>the parent                       | 58,939,897.38                                                          | 97,139,234.18                                 | 58,896,248.22                                                          | 104,620,234.19                                |
| Share in net assets in proportion to shareholding<br>percentage            | 8,939,897.38                                                           | 47,598,224.75                                 | 8,896,248.22                                                           | 51,263,914.75                                 |
| Adjustments                                                                |                                                                        |                                               |                                                                        |                                               |
| Including: Goodwill                                                        |                                                                        |                                               |                                                                        |                                               |
| Unrealized profit on internal transactions                                 |                                                                        |                                               |                                                                        |                                               |
| Others                                                                     |                                                                        |                                               |                                                                        |                                               |
| Book value of equity interests in joint ventures                           | 8,939,897.38                                                           | 47,598,224.75                                 | 8,896,248.22                                                           | 51,263,914.75                                 |
| Fair value of equity interests in joint ventures with<br>public quotations |                                                                        |                                               |                                                                        |                                               |
| Operating revenue                                                          |                                                                        | 21,379,977.99                                 |                                                                        | 1,803,733.51                                  |
| Finance expenses                                                           | -2,592.94                                                              | -128,370.58                                   | -3,703.07                                                              | -9,753.72                                     |
| Income tax                                                                 |                                                                        |                                               |                                                                        |                                               |
| Net profit                                                                 | -17,407.06                                                             | -7,480,973.80                                 | 46,327.64                                                              | -9,833,877.36                                 |
| Net profit on discontinued operations                                      |                                                                        |                                               |                                                                        |                                               |
| Other comprehensive income                                                 |                                                                        |                                               |                                                                        |                                               |
| Total comprehensive income                                                 | -17,407.06                                                             | -7,480,973.80                                 | 46,327.64                                                              | -9,833,877.36                                 |
| Dividends paid by joint ventures during the year                           |                                                                        |                                               |                                                                        |                                               |

## SECTION 10 FINANCIAL REPORT

## 7. EQUITY IN OTHER ENTITIES (Continued)

## (3) Interests in joint ventures or associates (Continued)

## 3. Major financial information of significant associates

| Item                                                                    | 30 June 2021/from January to June 2021                                                        |                                                            |                                                               | 1 January 2021/from January to June 2020                                                      |                                                            |                                                               |
|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------------|
|                                                                         | China Aluminum<br>South Aluminum<br>(Fujian) Aluminum<br>Structure<br>Technology<br>Co., Ltd. | Sichuan<br>Chuannan Rail<br>Transit Operation<br>Co., Ltd. | Guizhou<br>Tongye<br>Construction<br>Development<br>Co., Ltd. | China Aluminum<br>South Aluminum<br>(Fujian) Aluminum<br>Structure<br>Technology<br>Co., Ltd. | Sichuan<br>Chuannan Rail<br>Transit Operation<br>Co., Ltd. | Guizhou<br>Tongye<br>Construction<br>Development<br>Co., Ltd. |
| Current assets                                                          | 134,237,100.10                                                                                | 238,339,987.35                                             | 1,213,858,841.87                                              | 104,291,936.26                                                                                | 329,050,521.84                                             | 1,216,544,853.81                                              |
| Including: cash and cash equivalents                                    | 10,210,474.15                                                                                 | 90,754,908.08                                              | 3,985,014.37                                                  | 5,790,650.42                                                                                  | 170,695,690.81                                             | 3,043,428.29                                                  |
| Non-current assets                                                      | 130,461,433.37                                                                                | 623,296,324.90                                             | 292,196.77                                                    | 120,772,335.02                                                                                | 532,119,706.26                                             | 372,452.53                                                    |
| Total assets                                                            | 264,698,533.47                                                                                | 861,636,312.25                                             | 1,214,151,038.64                                              | 225,064,271.28                                                                                | 861,170,228.10                                             | 1,216,917,306.34                                              |
| Current liabilities                                                     | 98,704,801.56                                                                                 | 67,170,865.45                                              | 80,416,371.39                                                 | 59,617,373.35                                                                                 | 50,454,781.30                                              | 81,767,631.86                                                 |
| Non-current liabilities                                                 |                                                                                               | 501,542,000.00                                             | 1,089,499,458.59                                              |                                                                                               | 517,792,000.00                                             | 1,089,499,458.39                                              |
| Total liabilities                                                       | 98,704,801.56                                                                                 | 568,712,865.45                                             | 1,169,915,829.98                                              | 59,617,373.35                                                                                 | 568,246,781.30                                             | 1,171,267,090.25                                              |
| Minority interests                                                      |                                                                                               |                                                            |                                                               |                                                                                               |                                                            |                                                               |
| Equity attributable to shareholders of the parent                       | 165,993,731.91                                                                                | 292,923,446.80                                             | 44,235,208.66                                                 | 165,446,897.93                                                                                | 292,923,446.80                                             | 45,650,216.09                                                 |
| Share in net assets at shareholding percentage                          | 55,607,900.19                                                                                 | 29,292,344.68                                              | 19,905,648.48                                                 | 55,424,710.81                                                                                 | 29,292,344.68                                              | 20,542,597.23                                                 |
| Adjustments                                                             |                                                                                               |                                                            |                                                               |                                                                                               |                                                            |                                                               |
| Including: Goodwill                                                     |                                                                                               |                                                            |                                                               |                                                                                               |                                                            |                                                               |
| Unrealized profit on internal transactions                              |                                                                                               |                                                            |                                                               |                                                                                               |                                                            |                                                               |
| Others                                                                  |                                                                                               |                                                            |                                                               |                                                                                               |                                                            |                                                               |
| Book value of equity interests in joint ventures                        | 55,607,900.19                                                                                 | 29,292,344.68                                              | 19,905,648.48                                                 | 55,424,710.81                                                                                 | 29,292,344.68                                              | 20,542,597.23                                                 |
| Fair value of equity interests in joint ventures with public quotations |                                                                                               |                                                            |                                                               |                                                                                               |                                                            |                                                               |
| Operating revenue                                                       | 61,988,823.22                                                                                 | 44,653,809.69                                              | 13,152,500.00                                                 | 34,490,721.42                                                                                 | 108,569,207.97                                             | -47,736,270.45                                                |
| Finance expenses                                                        | 1,053,910.97                                                                                  | 13,421,001.32                                              | -4,338.81                                                     |                                                                                               |                                                            |                                                               |
| Income tax                                                              |                                                                                               |                                                            |                                                               |                                                                                               |                                                            |                                                               |
| Net profit                                                              | 546,833.97                                                                                    | 82,118.16                                                  | -241,646.12                                                   | 4,026,619.17                                                                                  | -3,609,146.94                                              | -1,357,310.04                                                 |
| Net profit on discontinued operations                                   |                                                                                               |                                                            |                                                               |                                                                                               |                                                            |                                                               |
| Other comprehensive income                                              |                                                                                               |                                                            |                                                               |                                                                                               |                                                            |                                                               |
| Total comprehensive income                                              | 546,833.97                                                                                    | 82,118.16                                                  | -241,646.12                                                   | 4,026,619.17                                                                                  | -3,609,146.94                                              | -1,357,310.04                                                 |
| Dividends paid by associates during the year                            |                                                                                               |                                                            |                                                               |                                                                                               |                                                            |                                                               |

## SECTION 10 FINANCIAL REPORT

**7. EQUITY IN OTHER ENTITIES (Continued)****(3) Interests in joint ventures or associates (Continued)****4. Summarized financial information of insignificant joint ventures and associates**

| <b>Item</b>                            | <b>30 June 2021/<br/>from January to<br/>June 2021</b> | <b>1 January 2021/<br/>from January to<br/>June 2020</b> |
|----------------------------------------|--------------------------------------------------------|----------------------------------------------------------|
| 1. Joint ventures                      |                                                        |                                                          |
| Aggregate of book value of investments |                                                        |                                                          |
| Aggregate of proportional shares in:   |                                                        |                                                          |
| Net profit                             |                                                        |                                                          |
| Other comprehensive income             |                                                        |                                                          |
| Total comprehensive income             |                                                        |                                                          |
| 2. Associates                          |                                                        |                                                          |
| Aggregate of book value of investments | <b>676,300,673.34</b>                                  | 616,423,909.83                                           |
| Aggregate of proportional shares in:   |                                                        |                                                          |
| Net profit                             | <b>817,765.16</b>                                      | -16,607,536.74                                           |
| Other comprehensive income             |                                                        |                                                          |
| Total comprehensive income             | <b>817,765.16</b>                                      | -16,607,536.74                                           |

## SECTION 10 FINANCIAL REPORT

**8. FINANCIAL INSTRUMENT RELATED RISKS**

The Company's major financial instruments include various equity investments, debt investments, derivative financial instruments, long-term and short-term borrowings, receivables and payables. See relevant sections of this report for details on financial instruments. Risks associated with the above financial instruments and risk management policies adopted by the Company to reduce these risks are set out below. Management manages and monitors these risk exposures to ensure that the above risks are controlled within the prescribed range.

Main risks associated with the Company's financial instruments include credit risk, liquidity risk and market risk. Management has reviewed and approved policies intended to manage these risks, which are summarized as follows:

**1. Credit Risk**

Credit risk refers to the risk that one party to a financial instrument fails to perform its obligation, causing financial losses to the other party. The Company's credit risk mainly involves receivables. Specific measures to control this risk are as follows:

The Company's accounts receivable are mainly generated from the engineering construction business. The Company's internal control system requires that the Company perform credit assessment on each client before submitting a bid and if the construction lasts over one year, reperform the credit assessment on a regular basis. Based on its contract review system, the project management department, the financial department, the legal department and other departments jointly review the contract to determine reasonable payment terms so as to minimize our advance risk. Operating cashflows linked performance indicators are in place to urge subsidiaries to speed up collection of receivables. The Company reviews the collection of receivables on an individual basis on the balance sheet date and requires additional guarantee in respect of key accounts associated with potential structural risks to ensure adequate loss allowance for unrecoverable receivables. See section "3.(11)" above for our expected credit loss policies.



## SECTION 10 FINANCIAL REPORT

**8. FINANCIAL INSTRUMENT RELATED RISKS (Continued)****2. Liquidity risk**

Liquidity risk refers to the risk that the Company is short of funds when performing its settlement obligations by delivery of cash or other financial assets.

The financial department continuously monitors the Company's short-term and long-term fund requirements to maintain adequate cash reserve. The Company utilizes multiple financing means including notes, bank borrowings and entrusted loans to maintain the balance between sustainability and flexibility of financing. The Company has obtained credit lines from several commercial banks with higher credit ratings to meet its demand for working capital and capital expenditure. Management monitors the use of bank borrowings and ensures compliance with loan agreements.

The table below analyses the Group's non-derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period from the balance sheet dates to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Unit: RMB'000

| Item                                                              | Within 1 year | 1-2 years    | 30 June 2021 |              | Total         |
|-------------------------------------------------------------------|---------------|--------------|--------------|--------------|---------------|
|                                                                   |               |              | 2-5 years    | Over 5 years |               |
| Borrowings                                                        | 5,918,298.01  | 1,642,478.45 | 4,388,683.85 | 3,321,510.14 | 15,270,970.45 |
| Trade and other payables<br>(excluding non-financial liabilities) | 21,525,536.17 | 2,598.72     |              |              | 21,528,134.89 |
| Dividends payable                                                 |               |              |              |              |               |
| Maximum amount guaranteed by the<br>financial guarantee           | 244,300.60    | 273,100.00   |              | 874,127.00   | 1,391,527.60  |

## SECTION 10 FINANCIAL REPORT

**8. FINANCIAL INSTRUMENT RELATED RISKS (Continued)****2. Liquidity risk (Continued)**

| Item                                                              | 1 January 2021 |              |              |              | Total         |
|-------------------------------------------------------------------|----------------|--------------|--------------|--------------|---------------|
|                                                                   | Within 1 year  | 1-2 years    | 2-5 years    | Over 5 years |               |
| Borrowings                                                        | 6,537,909.13   | 1,044,200.00 | 4,453,400.00 | 2,731,106.00 | 14,766,615.12 |
| Trade and other payables<br>(excluding non-financial liabilities) | 23,161,932.97  | 2,602.60     |              |              | 23,164,535.57 |
| Dividends payable                                                 |                |              |              |              |               |
| Maximum amount guaranteed by the<br>issued financial guarantee    | 369,300.00     | 65,000.00    | 364,000.00   | 802,467.60   | 1,600,767.60  |

**3. Market risk**

Market risk refers to the risk that the fair value or future cash flow of financial instruments fluctuate as market prices changes, including exchange rate risk, interest rate risk and other price risks.

- (1) Exchange rate risk refers to the risk that the fair value or future cash flow of financial instruments fluctuate due to changes in foreign exchange rates. The Company's exchange rate risk mainly comes from financial instruments denominated in foreign currencies other than the functional currency.
- (2) Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments fluctuate due to changes in market interest rates. The Company's interest rate risk mainly comes from recognized interest-bearing financial instruments.
- (3) Other price risks refer to the risk of fluctuations caused by changes in market prices other than exchange rate risks and interest rate risks, whether arising from factors related to a single financial instrument or its issuer, or from factors related to all similar financial instruments traded on the market.

## SECTION 10 FINANCIAL REPORT

**9. CAPITAL MANAGEMENT**

The objectives of the Company when managing capital are to safeguard the ability of the Company in continuing as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Company monitors their capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debts are calculated as the total borrowings and other liabilities (including borrowings, other non-current liabilities, trade and other payables, as shown in the consolidated balance sheet) less restricted cash, time deposits and cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debts less non-controlling interest. The Company aims to maintain the gearing ratio to be within 60% and 90%.

The Company monitors capital management by using the gearing ratio which is shown as follows:

Unit: RMB'000

| Item                                                               | 30 June 2021         | 1 January 2021 |
|--------------------------------------------------------------------|----------------------|----------------|
| Total borrowings and other liabilities                             | <b>36,948,627.11</b> | 38,093,767.52  |
| Less: Restricted cash, time deposits and cash and cash equivalents | <b>-509,430.69</b>   | -731,256.18    |
| Net debt                                                           | <b>36,439,196.42</b> | 37,362,511.35  |
| Total equity attributed to equity owners of the Company            | <b>8,711,902.84</b>  | 8,733,074.25   |
| Total capital                                                      | <b>45,151,099.26</b> | 46,095,585.60  |
| Gearing ratio                                                      | <b>80.71%</b>        | 81.05%         |

## SECTION 10 FINANCIAL REPORT

**10. FAIR VALUE****(1) Analysis of assets and liabilities measured at fair value by the level of fair value**

| Item                                            | Level 1<br>fair value<br>measurement | Level 2<br>fair value<br>measurement | Level 3<br>fair value<br>measurement | Closing<br>balance |
|-------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------|
| 1. Continuous fair value measurement            |                                      | 447,282,897.65                       | 59,497,645.97                        | 506,780,543.62     |
| (I) Financial assets classified at FVTPL        |                                      |                                      | 18,900,000.00                        | 18,900,000.00      |
| (1) Debt instrument investment                  |                                      |                                      |                                      |                    |
| (2) Equity instrument investment                |                                      |                                      | 18,900,000.00                        | 18,900,000.00      |
| (II) Financial assets classified at FVTOCI      |                                      | 466,408,611.94                       | 40,597,645.97                        | 507,006,257.91     |
| (1) Debt instrument investment                  |                                      | 466,408,611.94                       |                                      | 466,408,611.94     |
| (2) Equity instrument investment                |                                      |                                      | 40,597,645.97                        | 40,597,645.97      |
| (III) Financial liabilities classified at FVTPL |                                      |                                      |                                      |                    |
| (1) Derivative financial liabilities            |                                      | -19,125,714.29                       |                                      | -19,125,714.29     |
| 2. Non-continuous fair value measurement        |                                      |                                      |                                      |                    |
| (I) Held-for-sale assets                        |                                      |                                      |                                      |                    |

- (2)** At the end of the reporting period, the Company's financial instruments measured at fair value were its subordinated shares in ABS and equity investments in small-scale entities, which do not have observable market quotations. The Company valuate such investments based on their future cash inflows. Under limited circumstances, if insufficient recent information is available to determine the fair value, or possible estimated amount of the fair value is widely distributed, and the cost represents the best estimate of the fair value within the range of distribution, the cost may represent an appropriate estimate of the fair value within the distribution range.

## SECTION 10 FINANCIAL REPORT

**11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS****(1) Parent of the Company**

| Parent                       | Place of incorporation | Business nature                                                                                                                                                 | Registered capital | Percentage of shareholding in the Company (%) | Percentage of voting right in the Company (%) |
|------------------------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------------------------------------|-----------------------------------------------|
| China Aluminum Group Limited | PRC                    | Mineral resources (excluding oil and natural gas) development, nonferrous metal smelting and processing, related trading and engineering and technical services | 25,200,000,000.00  | 76.50                                         | 76.50                                         |

Note: The ultimate controlling party of the Company is Chinalco (which is owned and controlled by SASAC). On 30 June 2021, Chinalco directly held 73.56% equity interest in the Company and indirectly held 2.94% equity interest in the Company through its subsidiary, Luoyang Institute. Chinalco held in aggregate a 76.50% equity interest in the Company.

**(2) Particulars of subsidiaries of the Company**

For details, see Note “7. Equity in Other Entities”.

**(3) Particulars of joint ventures and associates of the Company**

For details of important joint ventures or associates of the Company, see Note “7. Equity in Other Entities”.

## SECTION 10 FINANCIAL REPORT

**11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)****(4) Particulars of other parties related to the Company**

| <b>Other related parties</b>                                                                     | <b>Relationship between other related parties and the Company</b> |
|--------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| Aluminum Corporation of China                                                                    | Ultimate controlling parent                                       |
| Luoyang Engineering & Research Institute for Nonferrous Metals Processing                        | Our shareholder, ultimately controlled by the same parent         |
| Guangxi Hualei Advanced Materials Co., Ltd.                                                      | A joint venture of our parent                                     |
| Guangxi Huayin Aluminum Company Limited                                                          | A joint venture of our parent                                     |
| Chinalco Zibo International Trade Co., Ltd.                                                      | A joint venture of our parent                                     |
| Guangxi Huazhong Construction Materials Co., Ltd.                                                | An associate of our parent                                        |
| Henan Great Wall Logistics Co., Ltd.                                                             | An associate of our parent                                        |
| Henan Zhongfu Special Aluminum Co., Ltd.                                                         | An associate of our parent                                        |
| Mian County Urban Development Investment Co., Ltd.                                               | An associate of our parent                                        |
| Qinghai Haiyuan Aluminum Co., Ltd.                                                               | An associate of our parent                                        |
| Shanxi Qinlv Taiyue New Materials Co., Ltd.                                                      | An associate of our parent                                        |
| Taiyuan China Nonferrous Metal Industry and 12th Metallurgical Real Estate Development Co., Ltd. | An associate of our parent                                        |
| Yunnan Yuntan Maguan Nonferrous Metal Co., Ltd.                                                  | An associate of our parent                                        |
| Chinalco Guizhou Industrial Service Co., Ltd.                                                    | An associate of our parent                                        |
| Chongqing Shangjiangchen Real Estate Co., Ltd.                                                   | An associate of our parent                                        |
| Baotou Aluminum Group Jian'An Construction Co., Ltd                                              | Ultimately controlled by the same parent                          |
| Baotou Chinalco Technology Service Development Co., Ltd                                          | Ultimately controlled by the same parent                          |
| Beijing Xinglv Material Technology Research Institute Co., Ltd.                                  | Ultimately controlled by the same parent                          |
| Northeast Light Alloy Co., Ltd.                                                                  | Ultimately controlled by the same parent                          |
| Northwest Aluminum Co., Ltd                                                                      | Ultimately controlled by the same parent                          |
| Southwest Aluminum (Group) Co., Ltd.                                                             | Ultimately controlled by the same parent                          |
| Chongqing Southwest Aluminum Mechanical and Electrical Equipment Engineering Co., Ltd.           | Ultimately controlled by the same parent                          |
| Yunnan Yunchuang Tendering Company Limited                                                       | Ultimately controlled by the same parent                          |

## SECTION 10 FINANCIAL REPORT

**11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)****(4) Particulars of other parties related to the Company (Continued)**

| <b>Other related parties</b>                                  | <b>Relationship between other related parties and the Company</b> |
|---------------------------------------------------------------|-------------------------------------------------------------------|
| Baotou Aluminum Industrial Service Co., Ltd.                  | Ultimately controlled by the same parent                          |
| Baotou Aluminum Co., Ltd.                                     | Ultimately controlled by the same parent                          |
| Chibi Great Wall Carbon Products Co., Ltd.                    | Ultimately controlled by the same parent                          |
| Fushun Aluminum Co., Ltd.                                     | Ultimately controlled by the same parent                          |
| Gansu Hualu Aluminum Co., Ltd.                                | Ultimately controlled by the same parent                          |
| Guangxi Huasheng Advanced Materials Co., Ltd.                 | Ultimately controlled by the same parent                          |
| Guizhou Huajin Aluminum Co., Ltd.                             | Ultimately controlled by the same parent                          |
| Guizhou Huaren Advanced Materials Co., Ltd.                   | Ultimately controlled by the same parent                          |
| Henan Huahui Nonferrous Engineering Design Co., Ltd.          | Ultimately controlled by the same parent                          |
| Henan Zhongzhou Aluminum Construction Co., Ltd.               | Ultimately controlled by the same parent                          |
| Lanzhou Aluminum Co., Ltd.                                    | Ultimately controlled by the same parent                          |
| Inner Mongolia Huayun New Materials Co., Ltd.                 | Ultimately controlled by the same parent                          |
| Ningxia Ningdian Logistics Co., Ltd.                          | Ultimately controlled by the same parent                          |
| Ningxia Wangwa Coal Co., Ltd.                                 | Ultimately controlled by the same parent                          |
| Ningxia Yinxing Coal Co., Ltd.                                | Ultimately controlled by the same parent                          |
| Shandong Huayu Alloy Material Co., Ltd.                       | Ultimately controlled by the same parent                          |
| Shandong Yixing Carbon New Material Co., Ltd.                 | Ultimately controlled by the same parent                          |
| Shanxi Huasheng Aluminum Co., Ltd.                            | Ultimately controlled by the same parent                          |
| Shanxi Huasheng Metallurgical Equipment Maintenance Co., Ltd. | Ultimately controlled by the same parent                          |
| Shanxi Huatai Carbon Co., Ltd.                                | Ultimately controlled by the same parent                          |
| Shanxi Huaxing Aluminum Co., Ltd.                             | Ultimately controlled by the same parent                          |
| Shanxi Chinalco Resources Co., Ltd.                           | Ultimately controlled by the same parent                          |
| Suzhou Nonferrous Metals Materials Co., Ltd.                  | Ultimately controlled by the same parent                          |
| Aluminum Corporation of China Limited                         | Ultimately controlled by the same parent                          |
| Chalco Guinea Limited                                         | Ultimately controlled by the same parent                          |
| Chalco Hong Kong Limited                                      | Ultimately controlled by the same parent                          |
| Chalco Zunyi Aluminum Company Limited                         | Ultimately controlled by the same parent                          |
| China Aluminum (Shanghai) Co., Ltd.                           | Ultimately controlled by the same parent                          |

## SECTION 10 FINANCIAL REPORT

**11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)****(4) Particulars of other parties related to the Company (Continued)**

| <b>Other related parties</b>                                           | <b>Relationship between other related parties and the Company</b> |
|------------------------------------------------------------------------|-------------------------------------------------------------------|
| China Aluminum International Trading Corporation Limited               | Ultimately controlled by the same parent                          |
| Chinalco International Trade Hong Kong Limited                         | Ultimately controlled by the same parent                          |
| Chinalco Group Shanxi Jiaokou Xinghua Science and Technology Co., Ltd. | Ultimately controlled by the same parent                          |
| Chinalco Mining Corporation Limited                                    | Ultimately controlled by the same parent                          |
| Chinalco Inner Mongolia Resource Development Co., Ltd.                 | Ultimately controlled by the same parent                          |
| Chinalco Ningxia Energy Group Co., Ltd.                                | Ultimately controlled by the same parent                          |
| Chinalco Qingdao Light Metal Co., Ltd                                  | Ultimately controlled by the same parent                          |
| Chinalco Qinghai Aluminum and Electricity Co., Ltd.                    | Ultimately controlled by the same parent                          |
| Chinalco Shandong Advanced Materials Co., Ltd.                         | Ultimately controlled by the same parent                          |
| Chalco Shandong Co., Ltd.                                              | Ultimately controlled by the same parent                          |
| Chinalco Shanxi Advanced Materials Co., Ltd.                           | Ultimately controlled by the same parent                          |
| Chinalco Logistics Group Southeast Asia Land Port Co., Ltd             | Ultimately controlled by the same parent                          |
| Chinalco Logistics Group Co., Ltd.                                     | Ultimately controlled by the same parent                          |
| Chinalco Logistics Group Central Land Port Co., Ltd.                   | Ultimately controlled by the same parent                          |
| Chinalco Materials Co., Ltd.                                           | Ultimately controlled by the same parent                          |
| Chinalco Xinjiang Aluminum and Electricity Co., Ltd.                   | Ultimately controlled by the same parent                          |
| Chinalco Zhengzhou Nonferrous Metals Research Institute Co., Ltd.      | Ultimately controlled by the same parent                          |
| Chinalco Zhongzhou Mining Co., Ltd.                                    | Ultimately controlled by the same parent                          |
| Chinalco Zhongzhou Aluminum Co., Ltd.                                  | Ultimately controlled by the same parent                          |
| Chinalco Zhongzhou Advanced Materials Technology Co., Ltd.             | Ultimately controlled by the same parent                          |
| Zunyi Aluminum Co., Ltd.                                               | Ultimately controlled by the same parent                          |
| Chijuji Technology Construction Co. Ltd.                               | Ultimately controlled by the same parent                          |
| Chifeng Yuntong Nonferrous Metals Co., Ltd.                            | Ultimately controlled by the same parent                          |
| Chuxiong Dianzhong Nonferrous Metals Co., Ltd.                         | Ultimately controlled by the same parent                          |



## SECTION 10 FINANCIAL REPORT

**11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)****(4) Particulars of other parties related to the Company (Continued)**

| <b>Other related parties</b>                                               | <b>Relationship between other related parties and the Company</b> |
|----------------------------------------------------------------------------|-------------------------------------------------------------------|
| Daxing Anling Jinxin Mining Co., Ltd.                                      | Ultimately controlled by the same parent                          |
| Heqing Yixin Aluminum Co., Ltd.                                            | Ultimately controlled by the same parent                          |
| Honghe Yuntong Real Estate Development Co., Ltd.                           | Ultimately controlled by the same parent                          |
| Hulun Buir Chihong Mining Co., Ltd.                                        | Ultimately controlled by the same parent                          |
| Huili County Wulong Fumin Mining Co., Ltd.                                 | Ultimately controlled by the same parent                          |
| Kunming Kehui Electric Co., Ltd.                                           | Ultimately controlled by the same parent                          |
| Kunming Metallurgical Institute Co., Ltd.                                  | Ultimately controlled by the same parent                          |
| Kunming Nonferrous Metallurgical Design and Research Institute Corporation | Ultimately controlled by the same parent                          |
| Lhasa Tianli Mining Co., Ltd.                                              | Ultimately controlled by the same parent                          |
| Liangshan Mining Co., Ltd.                                                 | Ultimately controlled by the same parent                          |
| Mohan Guangming Select Co., Ltd.                                           | Ultimately controlled by the same parent                          |
| Qinghai Hongxin Mining Co., Ltd.                                           | Ultimately controlled by the same parent                          |
| Qinghai Zerong Mining Development Co., Ltd.                                | Ultimately controlled by the same parent                          |
| Qujing Yunal Ganxin Aluminum Co., Ltd.                                     | Ultimately controlled by the same parent                          |
| Shanghai Huxin Aluminum Foil Co., Ltd.                                     | Ultimately controlled by the same parent                          |
| Tibet Jinlong Mining Co., Ltd.                                             | Ultimately controlled by the same parent                          |
| Shangri-la Dingli Mining Co., Ltd.                                         | Ultimately controlled by the same parent                          |
| Xinbaerhu Youqi Rongda Mining Co., Ltd.                                    | Ultimately controlled by the same parent                          |
| Xinbaerhu Youqi Yishengyuan Mining Co., Ltd.                               | Ultimately controlled by the same parent                          |
| Yiliang Chihong Mining Co., Ltd.                                           | Ultimately controlled by the same parent                          |
| Yimen Copper Co., Ltd.                                                     | Ultimately controlled by the same parent                          |
| Yuxi Mining Co., Ltd.                                                      | Ultimately controlled by the same parent                          |
| Yunnan Chihong Zinc Germanium Co., Ltd.                                    | Ultimately controlled by the same parent                          |
| Yunnan Chihong Resources Comprehensive Utilization Co., Ltd.               | Ultimately controlled by the same parent                          |
| Yunnan Chuxiong Mining and Metallurgy Co., Ltd.                            | Ultimately controlled by the same parent                          |
| Yunnan Diqing Mining Development Co., Ltd.                                 | Ultimately controlled by the same parent                          |
| Yunnan Diqing Nonferrous Metals Co., Ltd.                                  | Ultimately controlled by the same parent                          |

## SECTION 10 FINANCIAL REPORT

**11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)****(4) Particulars of other parties related to the Company (Continued)**

| <b>Other related parties</b>                                          | <b>Relationship between other related parties and the Company</b> |
|-----------------------------------------------------------------------|-------------------------------------------------------------------|
| Yunnan Haoxin Aluminum Foil Co., Ltd.                                 | Ultimately controlled by the same parent                          |
| Yunnan Jinding Zinc Industry Co., Ltd.                                | Ultimately controlled by the same parent                          |
| Yunnan Jinsha Mining Co., Ltd.                                        | Ultimately controlled by the same parent                          |
| Yunnan Lancang Lead Mine Co., Ltd.                                    | Ultimately controlled by the same parent                          |
| Yunnan Aluminum Co., Ltd.                                             | Ultimately controlled by the same parent                          |
| Yunnan Copper (Group) Titanium Co., Ltd.                              | Ultimately controlled by the same parent                          |
| Yunnan Copper (Group) Co., Ltd.                                       | Ultimately controlled by the same parent                          |
| Yunnan Copper Real Estate Development Co., Ltd.                       | Ultimately controlled by the same parent                          |
| Yunnan Copper Co., Ltd.                                               | Ultimately controlled by the same parent                          |
| Yunnan Copper Technology Development Co., Ltd.                        | Ultimately controlled by the same parent                          |
| Yunnan Copper Mineral Resources Exploration and Development Co., Ltd. | Ultimately controlled by the same parent                          |
| Yunnan Wenshan Dounan Manganese Co., Ltd.                             | Ultimately controlled by the same parent                          |
| Yunnan Wenshan Aluminum Co., Ltd.                                     | Ultimately controlled by the same parent                          |
| Yunnan Metallurgical Group Co., Ltd.                                  | Ultimately controlled by the same parent                          |
| Yunnan Metallurgical Building Engineering Quality Testing Co., Ltd.   | Ultimately controlled by the same parent                          |
| Yunnan Metallurgical Kunming Heavy Industry Co., Ltd.                 | Ultimately controlled by the same parent                          |
| Yunnan Metallurgical Yunxin Silicon Co., Ltd.                         | Ultimately controlled by the same parent                          |
| Yunnan Yongchang Silicon Co., Ltd.                                    | Ultimately controlled by the same parent                          |
| Yunnan Yongshun Aluminum Co., Ltd.                                    | Ultimately controlled by the same parent                          |
| Yunnan Yuanxin Charcoal Co., Ltd.                                     | Ultimately controlled by the same parent                          |
| Yunnan Yunlv Haixin Aluminum Co., Ltd.                                | Ultimately controlled by the same parent                          |
| Yunnan Yunlv Huixin Trade Co., Ltd.                                   | Ultimately controlled by the same parent                          |
| Yunnan Yunlv Luyuan Engineering Technology Co., Ltd.                  | Ultimately controlled by the same parent                          |
| Yunnan Yunlv Runxin Aluminum Co., Ltd.                                | Ultimately controlled by the same parent                          |
| Yunnan Yunlv Logistics Investment Co., Ltd.                           | Ultimately controlled by the same parent                          |
| Yunnan Yunlv Yongxin Aluminum Co., Ltd.                               | Ultimately controlled by the same parent                          |
| Yunnan Yunlv Zexin Aluminum Co., Ltd.                                 | Ultimately controlled by the same parent                          |

## SECTION 10 FINANCIAL REPORT

**11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)****(4) Particulars of other parties related to the Company (Continued)**

| <b>Other related parties</b>                                                  | <b>Relationship between other related parties and the Company</b> |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------|
| Yunnan Yuntong Zinc Co., Ltd.                                                 | Ultimately controlled by the same parent                          |
| Yunnan PetroChina Huineng Energy Co., Ltd.                                    | Ultimately controlled by the same parent                          |
| China Copper Industry Co., Ltd                                                | Ultimately controlled by the same parent                          |
| Chinalco Mining International                                                 | Ultimately controlled by the same parent                          |
| Chinalco Luoyang Copper Processing Co., Ltd.                                  | Ultimately controlled by the same parent                          |
| Chinalco Luoyang Copper Co., Ltd.                                             | Ultimately controlled by the same parent                          |
| Minera Chinalco Peru                                                          | Ultimately controlled by the same parent                          |
| China Copper (Kunming) Copper Co., Ltd.                                       | Ultimately controlled by the same parent                          |
| China Copper (Shanghai) Copper Co., Ltd.                                      | Ultimately controlled by the same parent                          |
| China Copper Southeast Copper Co., Ltd.                                       | Ultimately controlled by the same parent                          |
| China Copper Central China Copper Co., Ltd.                                   | Ultimately controlled by the same parent                          |
| Guangxi Guosheng Rare Earth Advanced Materials Co., Ltd.                      | Ultimately controlled by the same parent                          |
| Guangxi Rare Earth Trading Co., Ltd.                                          | Ultimately controlled by the same parent                          |
| Chinalco Guangxi Nonferrous Rare Earth Development Co., Ltd.                  | Ultimately controlled by the same parent                          |
| CRE (Changshu) Rare Earth Advanced Materials Co., Ltd.                        | Ultimately controlled by the same parent                          |
| Shenzhen Kaitou Meichao Home Co., Ltd.                                        | Ultimately controlled by the same parent                          |
| Chinalco Innovation Development Investment Co., Ltd.                          | Ultimately controlled by the same parent                          |
| Chinalco Overseas Development Co., Ltd.                                       | Ultimately controlled by the same parent                          |
| Chinalco Henan Luoyang Aluminum Foil Co., Ltd.                                | Ultimately controlled by the same parent                          |
| Chinalco Henan Luoyang Aluminum Processing Co., Ltd.                          | Ultimately controlled by the same parent                          |
| Chinalco Henan Aluminum Co., Ltd.                                             | Ultimately controlled by the same parent                          |
| Beijing Lvneng Clean Environment Technology Co., Ltd.                         | Ultimately controlled by the same parent                          |
| Yunnan Keli Environmental Protection Co., Ltd.                                | Ultimately controlled by the same parent                          |
| Chinalco Environmental Protection and Energy Saving Group Co., Ltd.           | Ultimately controlled by the same parent                          |
| Chinalco Environmental Protection and Ecological Technology (Hunan) Co., Ltd. | Ultimately controlled by the same parent                          |
| Chinalco Great Wall Testing Technology Co., Ltd.                              | Ultimately controlled by the same parent                          |
| Chinalco Science and Technology Research Institute Co., Ltd.                  | Ultimately controlled by the same parent                          |

## SECTION 10 FINANCIAL REPORT

**11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)****(4) Particulars of other parties related to the Company (Continued)**

| <b>Other related parties</b>                                                | <b>Relationship between other related parties and the Company</b> |
|-----------------------------------------------------------------------------|-------------------------------------------------------------------|
| Chinalco Ruimin Co., Ltd.                                                   | Ultimately controlled by the same parent                          |
| Chinalco Sapa Special Aluminum (Chongqing) Co., Ltd.                        | Ultimately controlled by the same parent                          |
| Chinalco Shenyang Nonferrous Metal Processing Co., Ltd.                     | Ultimately controlled by the same parent                          |
| Chinalco Southwest Aluminum Strip Co., Ltd.                                 | Ultimately controlled by the same parent                          |
| Chalco Southwest Aluminum Cold Rolling Company Limited                      | Ultimately controlled by the same parent                          |
| Henan Jiuli Technology Co., Ltd.                                            | Ultimately controlled by the same parent                          |
| Chinalco Intelligent Technology Development Co., Ltd.                       | Ultimately controlled by the same parent                          |
| Chinalco Intelligent (Hangzhou) Safety Science Research Institute Co., Ltd. | Ultimately controlled by the same parent                          |
| Chinalco Intelligent Technology Development Co., Ltd.                       | Ultimately controlled by the same parent                          |
| China Aluminum Insurance Broker (Beijing) Co. Ltd                           | Ultimately controlled by the same parent                          |
| Chinalco Commercial Factoring (Tianjin) Co., Ltd.                           | Ultimately controlled by the same parent                          |
| Chinalco Capital Holdings Co., Ltd.                                         | Ultimately controlled by the same parent                          |
| Guangxi Chinalco Industrial Service Co., Ltd.                               | Ultimately controlled by the same parent                          |
| Guangxi Chinalco Construction Supervision & Consulting Co., Ltd.            | Ultimately controlled by the same parent                          |
| Guiyang Aluminum & Magnesium Asset Management Co., Ltd.                     | Ultimately controlled by the same parent                          |
| Guizhou Guilv Huayi Real Estate Development Co., Ltd.                       | Ultimately controlled by the same parent                          |
| Guizhou Aluminum Factory Co., Ltd.                                          | Ultimately controlled by the same parent                          |
| Guizhou Chinalco Colored Aluminum Technology Co., Ltd.                      | Ultimately controlled by the same parent                          |
| Hangzhou Naite Valve Co., Ltd.                                              | Ultimately controlled by the same parent                          |
| Henan Xinshang Technology Co., Ltd.                                         | Ultimately controlled by the same parent                          |
| Henan Great Wall Information Technology Co., Ltd.                           | Ultimately controlled by the same parent                          |
| Henan Changalv Industrial Service Co., Ltd.                                 | Ultimately controlled by the same parent                          |
| Henan Changxing Industry Co., Ltd.                                          | Ultimately controlled by the same parent                          |
| Henan Chinalco Engineering Construction Co., Ltd.                           | Ultimately controlled by the same parent                          |
| Henan Chinalco Equipment Co., Ltd.                                          | Ultimately controlled by the same parent                          |
| Henan Zhongzhou Aluminum Factory Co., Ltd.                                  | Ultimately controlled by the same parent                          |
| Hunan Changkan Real Estate Co., Ltd.                                        | Ultimately controlled by the same parent                          |

## SECTION 10 FINANCIAL REPORT

**11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)****(4) Particulars of other parties related to the Company (Continued)**

| <b>Other related parties</b>                                          | <b>Relationship between other related parties and the Company</b> |
|-----------------------------------------------------------------------|-------------------------------------------------------------------|
| Hunan Changkan Trade and Commercial Development Co., Ltd.             | Ultimately controlled by the same parent                          |
| Jinlv Real Estate Development Co., Ltd.                               | Ultimately controlled by the same parent                          |
| Lanzhou Liancheng Aluminum Co., Ltd.                                  | Ultimately controlled by the same parent                          |
| Lanzhou Aluminum Factory Co., Ltd.                                    | Ultimately controlled by the same parent                          |
| Lanzhou Chinalco Industrial Service Co., Ltd.                         | Ultimately controlled by the same parent                          |
| Pingguo Aluminum Co., Ltd.                                            | Ultimately controlled by the same parent                          |
| Qinghai Aluminum Industry Limited                                     | Ultimately controlled by the same parent                          |
| Qinghai Chinalco Aluminum Strip Co., Ltd.                             | Ultimately controlled by the same parent                          |
| Shandong Aluminum Industry Limited                                    | Ultimately controlled by the same parent                          |
| Shandong Shanlv Environmental Advanced Materials Co., Ltd.            | Ultimately controlled by the same parent                          |
| Shandong Shanlv Electromechanical Technology Co., Ltd.                | Ultimately controlled by the same parent                          |
| Shanxi Jinzheng Engineering Construction Project Management Co., Ltd. | Ultimately controlled by the same parent                          |
| Shanxi Aluminum Factory Huanghe Electronic Equipment Co., Ltd.        | Ultimately controlled by the same parent                          |
| Shanxi Aluminum Factory Design Institute Co., Ltd.                    | Ultimately controlled by the same parent                          |
| Shanxi Aluminum Factory Landscaping Construction Co., Ltd.            | Ultimately controlled by the same parent                          |
| Shanxi 12th Metallurgical Asset Management Co., Ltd.                  | Ultimately controlled by the same parent                          |
| Shanxi Chalco Industrial Service Co., Ltd.                            | Ultimately controlled by the same parent                          |
| Shenyang Huahui Asset Management Co., Ltd.                            | Ultimately controlled by the same parent                          |
| Suzhou Xinchang Light and Heat Energy Technology Co., Ltd.            | Ultimately controlled by the same parent                          |
| Suzhou Nonferrous Metal Design and Research Institute Co., Ltd.       | Ultimately controlled by the same parent                          |
| Zhengzhou Aluminum & Magnesium Technology Co., Ltd.                   | Ultimately controlled by the same parent                          |
| Zhengzhou Pufa Construction Service Co., Ltd.                         | Ultimately controlled by the same parent                          |
| Zhengzhou Yinjian Property Development Co., Ltd.                      | Ultimately controlled by the same parent                          |
| Zhengzhou Chinalco Construction and Development Co., Ltd.             | Ultimately controlled by the same parent                          |

## SECTION 10 FINANCIAL REPORT

**11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)****(4) Particulars of other parties related to the Company (Continued)**

| <b>Other related parties</b>                                                        | <b>Relationship between other related parties and the Company</b> |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| China Nonferrous Metals Industry Sixth Metallurgical Mechanic Engineering Co., Ltd. | Ultimately controlled by the same parent                          |
| China Great Wall Aluminum Corporation Limited                                       | Ultimately controlled by the same parent                          |
| Chinalco Industrial Service Co., Ltd.                                               | Ultimately controlled by the same parent                          |
| Chinalco Lubricant Technology Co., Ltd.                                             | Ultimately controlled by the same parent                          |
| Chinalco Shanxi Aluminum Co., Ltd.                                                  | Ultimately controlled by the same parent                          |
| Chinalco Investment Management Co., Ltd.                                            | Ultimately controlled by the same parent                          |
| Chinalco Asset Operation Management Co., Ltd.                                       | Ultimately controlled by the same parent                          |
| Zhuhai Changye Asset Operation Management Co., Ltd.                                 | Ultimately controlled by the same parent                          |
| Zibo Dadi Real Estate Development Co., Ltd.                                         | Ultimately controlled by the same parent                          |
| Zibo Dongshan Industry Co., Ltd.                                                    | Ultimately controlled by the same parent                          |

## SECTION 10 FINANCIAL REPORT

**11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)****(5) Connected transactions****1. Connected transactions on procurement and acceptance of goods and rendering and acceptance of service**

| Related party                        | Type of connected transaction                  | Particular of connected transaction                   | Pricing policies and decision procedures                    | From January to June 2021 |
|--------------------------------------|------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------|---------------------------|
| A subsidiary of China Aluminum Group | Sales of goods and rendering of service        | Engineering construction service                      | Negotiated between the parties by reference to market price | 878,425,024.77            |
| A subsidiary of China Aluminum Group | Sales of goods and rendering of service        | Engineering design service                            | Negotiated between the parties by reference to market price | 33,182,430.64             |
| A subsidiary of China Aluminum Group | Sales of goods and rendering of service        | Equipment manufacturing and sales                     | Negotiated between the parties by reference to market price | 58,919,520.71             |
| A subsidiary of China Aluminum Group | Sales of goods and rendering of service        | Back-up service and other business                    | Negotiated between the parties by reference to market price | 3,706,998.84              |
| A subsidiary of China Aluminum Group | Procurement of goods and acceptance of service | Engineering, construction and supervision service     | Negotiated between the parties by reference to market price | 858,034.53                |
| A subsidiary of China Aluminum Group | Procurement of goods and acceptance of service | Procurement of main materials and auxiliary materials | Negotiated between the parties by reference to market price | 21,239,639.33             |
| A subsidiary of China Aluminum Group | Procurement of goods and acceptance of service | Back-up service and other business                    | Negotiated between the parties by reference to market price | 5,703,288.87              |

## SECTION 10 FINANCIAL REPORT

**11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)****(5) Connected transactions (Continued)****1. Connected transactions on procurement and acceptance of goods and rendering and acceptance of service (Continued)**

| Related party                        | Type of connected transaction                  | Particular of connected transaction                   | Pricing policies and decision procedures                    | From January to June 2020 |
|--------------------------------------|------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------|---------------------------|
| A subsidiary of China Aluminum Group | Sales of goods and rendering of service        | Engineering construction service                      | Negotiated between the parties by reference to market price | 1,515,943,630.44          |
| A subsidiary of China Aluminum Group | Sales of goods and rendering of service        | Engineering design service                            | Negotiated between the parties by reference to market price | 103,201,667.44            |
| A subsidiary of China Aluminum Group | Sales of goods and rendering of service        | Equipment manufacturing and sales                     | Negotiated between the parties by reference to market price | 252,966,164.41            |
| A subsidiary of China Aluminum Group | Sales of goods and rendering of service        | Back-up service and other business                    | Negotiated between the parties by reference to market price | 423,209.15                |
| A subsidiary of China Aluminum Group | Procurement of goods and acceptance of service | Engineering, construction and supervision service     | Negotiated between the parties by reference to market price | 11,914,410.61             |
| A subsidiary of China Aluminum Group | Procurement of goods and acceptance of service | Procurement of main materials and auxiliary materials | Negotiated between the parties by reference to market price | 107,552,296.49            |
| A subsidiary of China Aluminum Group | Procurement of goods and acceptance of service | Back-up service and other business                    | Negotiated between the parties by reference to market price | 8,097,240.90              |



## SECTION 10 FINANCIAL REPORT

## 11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

## (5) Connected transactions (Continued)

## 2. Related party leases

| Lessor                                                                       | Lessee                                                                             | Leasehold     | Leasing expenses<br>recognized for<br>this period | Leasing expenses<br>recognized for the<br>previous period |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------------|---------------|---------------------------------------------------|-----------------------------------------------------------|
| China Aluminum (Shanghai) Co., Ltd.                                          | China Aluminum International<br>Engineering & Equipment Co., Ltd.                  | House leasing | 452,796.23                                        | 1,802,616.87                                              |
| Chalco Shandong Co., Ltd.                                                    | Chalco Shandong Engineering<br>Technology Co., Ltd.                                | House leasing |                                                   | 204,834.12                                                |
| Luoyang Engineering & Research Institute for<br>Nonferrous Metals Processing | China Nonferrous Metals Processing<br>Technology Co., Ltd.                         | House leasing |                                                   | 434,294.51                                                |
| Suzhou Nonferrous Metal Design and Research<br>Institute Co., Ltd.           | China Nonferrous Metals Processing<br>Technology Co., Ltd.                         | House leasing | 508,803.02                                        | 453,719.37                                                |
| Zhengzhou Chinalco Construction and Development<br>Co., Ltd.                 | Sixth Metallurgical Construction<br>Company of China Nonferrous<br>Metals Industry | House leasing |                                                   | 157,954.28                                                |
| Total                                                                        | –                                                                                  | –             | 961,599.25                                        | 3,053,419.15                                              |

| Lessor                                           | Lessee                              | Leasehold    | Rental income<br>recognized for<br>the period | Rental income<br>recognized for the<br>previous period |
|--------------------------------------------------|-------------------------------------|--------------|-----------------------------------------------|--------------------------------------------------------|
| China Aluminum Great Wall Construction Co., Ltd. | Chinalco Mining Corporation Limited | Land leasing | 423,209.15                                    | 423,209.15                                             |
| Total                                            | –                                   | –            | 423,209.15                                    | 423,209.15                                             |

## 3. Related party guarantees

| Guarantor                    | Guaranteed party                                                | Guarantee<br>amount | Guarantee<br>starting on | Guarantee<br>ending on | Guarantee<br>performed<br>or not |
|------------------------------|-----------------------------------------------------------------|---------------------|--------------------------|------------------------|----------------------------------|
| China Aluminum Group Limited | China Aluminum International<br>Engineering Corporation Limited | 1,500,000,000.00    | 2019-10-30               | Bond redemption date   | No                               |

## SECTION 10 FINANCIAL REPORT

## 11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

## (5) Connected transactions (Continued)

## 4. Borrowing from and lending to related parties

| Related party                                           | Borrowing/<br>lending | Amount           | Starting date | Expiry date | Description      |
|---------------------------------------------------------|-----------------------|------------------|---------------|-------------|------------------|
| Chinalco Finance Company Limited                        | Borrowing             | 200,000,000.00   | 2021-06-17    | 2022-06-16  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 300,000,000.00   | 2021-03-01    | 2022-03-01  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 50,000,000.00    | 2020-09-10    | 2021-09-09  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 50,000,000.00    | 2020-07-09    | 2021-07-08  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 100,000,000.00   | 2020-07-10    | 2021-07-09  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 100,000,000.00   | 2021-01-27    | 2022-01-26  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 100,000,000.00   | 2020-07-28    | 2021-07-27  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 100,000,000.00   | 2021-05-11    | 2022-05-10  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 50,000,000.00    | 2021-06-29    | 2022-06-28  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 20,000,000.00    | 2020-11-16    | 2021-11-15  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 40,000,000.00    | 2021-02-08    | 2021-08-06  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 90,000,000.00    | 2020-08-04    | 2021-08-03  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 50,000,000.00    | 2021-01-08    | 2022-01-07  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 150,000,000.00   | 2021-03-01    | 2022-03-01  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 30,000,000.00    | 2020-09-27    | 2021-09-27  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 170,000,000.00   | 2020-12-04    | 2021-12-03  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 300,000,000.00   | 2021-05-17    | 2022-05-16  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 300,000,000.00   | 2021-06-22    | 2022-06-21  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 30,000,000.00    | 2020-10-21    | 2021-10-20  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 40,000,000.00    | 2020-12-14    | 2021-12-13  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 30,000,000.00    | 2021-04-01    | 2022-03-31  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 400,000,000.00   | 2021-03-02    | 2024-03-01  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 200,000,000.00   | 2021-03-02    | 2024-03-01  | Direct borrowing |
| Chinalco Finance Company Limited                        | Borrowing             | 90,000,000.00    | 2020-05-20    | 2022-05-19  | Direct borrowing |
| China Aluminum Commercial Factoring (Tianjin) Co., Ltd. | Borrowing             | 140,000,000.00   | 2021-03-29    | 2022-09-21  | Direct borrowing |
| Total                                                   | -                     | 3,130,000,000.00 | -             | -           | -                |

## SECTION 10 FINANCIAL REPORT

**11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)****(5) Connected transactions (Continued)****5. Remuneration of key management**

| <b>Remuneration of key management</b> | <b>From January to June 2021</b> | From January to June 2020 |
|---------------------------------------|----------------------------------|---------------------------|
| Total                                 | <b>2,219,725.68</b>              | 1,803,333.78              |

**(6) Receivables from and payable to related parties****1. Receivables**

| <b>Item</b>        | <b>Related party</b>                    | <b>30 June 2021</b>     |                               | <b>1 January 2021</b> |                        |
|--------------------|-----------------------------------------|-------------------------|-------------------------------|-----------------------|------------------------|
|                    |                                         | <b>Carrying balance</b> | <b>Provision for bad debt</b> | Carrying balance      | Provision for bad debt |
| Account receivable | A subsidiary of China Aluminum Group    | 2,555,432,253.38        | 205,158,703.82                | 3,099,594,984.87      | 216,717,405.74         |
| Account receivable | A joint venture of China Aluminum Group | 77,335,656.84           | 5,268,934.16                  | 88,184,313.95         | 3,362,761.89           |
| Account receivable | An associate of China Aluminum Group    | 64,358,950.34           | 5,065,149.98                  | 5,362,178.82          | 1,658,523.41           |
| Account receivable | An associate of the Company             | 22,729,069.14           | 6,686,768.26                  | 572,382,188.83        | 11,648,285.90          |
| Subtotal           |                                         | <b>2,719,855,929.70</b> | <b>222,179,556.22</b>         | 3,765,523,666.47      | 233,386,976.94         |
| Other receivable   | A subsidiary of China Aluminum Group    | 51,407,561.56           | 6,064,040.46                  | 43,337,451.86         | 5,834,933.99           |
| Other receivable   | A joint venture of China Aluminum Group | 305,000.00              | 56,750.00                     | 205,400.00            | 58,627.00              |
| Other receivable   | An associate of China Aluminum Group    | 23,654,438.13           | 23,231,118.37                 | 20,414,897.05         | 2,414,897.05           |
| Other receivable   | A joint venture of the Company          | 520,082.63              | 19,680.91                     | 57,900.00             | 17,370.00              |
| Other receivable   | An associate of the Company             | 1,238.00                | 247.60                        | 8,888,593.11          | 164,177.18             |
| Other receivable   | Ultimate controlling parent             | 74,323.55               | 37,161.78                     |                       |                        |
| Subtotal           | -                                       | <b>75,962,643.87</b>    | <b>29,408,999.12</b>          | 72,904,242.02         | 8,490,005.22           |
| Prepayment         | A subsidiary of China Aluminum Group    | 4,789,016.03            |                               | 5,368,157.03          |                        |
| Prepayment         | A joint venture of the Company          | 3,142,579.60            |                               | 2,126,269.60          |                        |
| Subtotal           | -                                       | <b>7,931,595.63</b>     |                               | 7,494,426.63          |                        |
| Total              | -                                       | <b>2,803,750,169.20</b> | <b>251,588,555.34</b>         | 3,845,922,335.12      | 241,876,982.16         |

## SECTION 10 FINANCIAL REPORT

**11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)****(6) Receivables from and payable to related parties (Continued)****2. Payables**

| Item                                      | Related party                           | 30 June 2021     | 1 January 2021 |
|-------------------------------------------|-----------------------------------------|------------------|----------------|
| Account payable                           | A subsidiary of China Aluminum Group    | 129,945,303.41   | 151,887,587.25 |
| Account payable                           | A joint venture of China Aluminum Group | 1,927,052.12     | 1,927,052.12   |
| Account payable                           | An associate of China Aluminum Group    | 10,558,261.74    | 5,699,206.16   |
| Account payable                           | A joint venture of the Company          | 7,747,668.50     | 19,857,187.17  |
| Account payable                           | An associate of the Company             | 1,583,853.56     | 10,047,584.24  |
| Subtotal                                  | –                                       | 151,762,139.33   | 189,418,616.94 |
| Other payable                             | A subsidiary of China Aluminum Group    | 55,937,041.35    | 57,756,850.47  |
| Other payable                             | An associate of China Aluminum Group    | 2,022,350.00     | 699,680.00     |
| Other payable                             | A joint venture of the Company          | 235,000.00       | 235,000.00     |
| Other payable                             | An associate of the Company             |                  | 1,148,553.26   |
| Other payable                             | Ultimate controlling parent             | 157,200.00       |                |
| Subtotal                                  | –                                       | 58,351,591.35    | 59,840,083.73  |
| Short-term borrowing                      | A subsidiary of China Aluminum Group    | 1,901,788,847.13 | 1,342,141.64   |
| Non-current liability due within one year | A subsidiary of China Aluminum Group    | 90,114,916.63    | 528,991.92     |
| Long-term borrowings                      | A subsidiary of China Aluminum Group    | 140,000,000.00   |                |
| Subtotal                                  | –                                       | 2,131,903,763.76 | 1,871,133.56   |
| Total                                     | –                                       | 2,342,017,494.44 | 251,129,834.23 |

## SECTION 10 FINANCIAL REPORT

**11. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)****(7) Contract assets and contract liabilities of related parties****1. Contract assets**

| Related Party                           | 30 June 2021            |                        | 1 January 2021   |                        |
|-----------------------------------------|-------------------------|------------------------|------------------|------------------------|
|                                         | Carrying balance        | Provision for bad debt | Carrying balance | Provision for bad debt |
| A subsidiary of China Aluminum Group    | <b>1,126,166,636.23</b> | <b>11,634,941.47</b>   | 127,508,497.38   | 638,053.55             |
| A joint venture of China Aluminum Group | <b>69,535,741.13</b>    | <b>4,303,017.80</b>    | 39,985,879.82    | 2,126,479.50           |
| An associate of China Aluminum Group    | <b>681,013,364.58</b>   | <b>5,111,960.44</b>    | 2,598,000.00     | 12,990.00              |
| A joint venture of the Company          |                         |                        | 329,011,675.46   | 1,645,058.38           |
| <b>Total</b>                            | <b>1,876,715,741.94</b> | <b>21,049,919.71</b>   | 499,104,052.66   | 4,422,581.43           |

**2. Contract liabilities**

| Related Party                           | 30 June 2021          | 1 January 2021 |
|-----------------------------------------|-----------------------|----------------|
| A subsidiary of China Aluminum Group    | <b>315,874,155.43</b> | 315,263,984.68 |
| A joint venture of China Aluminum Group | <b>768,121.22</b>     | 16,484,113.11  |
| An associate of China Aluminum Group    | <b>82,393,908.91</b>  | 1,000,000.00   |
| An associate of the Company             |                       | 76,865,367.14  |
| Ultimate controlling parent             | <b>250,000.00</b>     |                |
| <b>Total</b>                            | <b>399,286,185.56</b> | 409,613,464.93 |

## SECTION 10 FINANCIAL REPORT

**12. COMMITMENTS AND CONTINGENCIES****(1) Commitments**

The Company and Yunnan Transportation Investment Construction Group Co., Ltd. ("Yunnan Transportation Investment") jointly formed a non-government equity investor to work together with the local governments to invest in and establish three project companies, namely Yunnan Ningyong Expressway Co., Ltd. ("Ningyong Expressway"), Yunnan Linyun Expressway Co., Ltd. ("Linyun Expressway") and Yunnan Linshuang Expressway Co., Ltd. ("Linshuang Expressway"), for the construction and operation of the said expressways under PPP mode. The shareholding of the Company, Yunnan Transportation Investment and the investment vehicle designated by the local governments in the three PPP project companies was 30%, 40% and 30% respectively.

The capital structure of each project company is as follow:

The investment vehicle designated by local government contributed 30% of total project investment (of which RMB30 million is the registered capital and the rest is capital reserve). The Company and Yunnan Transportation Investment respectively contributed RMB30 million and RMB40 million as paid-in registered capital.

Meanwhile, the Company and Yunnan Transportation Investment provide credit enhancement for the difference between the total investment and the capital contribution in proportion to their relative shareholding (3:4), and are liable for the financing for the operation period on a 42.86%:57.14% basis. Each shareholder is liable for the financing for the operation period of the project company according to their shareholding proportion.

According to the relevant agreements, the Company is required to provide credit enhancement up to RMB4.559 billion, RMB3.19 billion and RMB2.086 billion (up to RMB9.835 billion in total) for investment loans granted to Ningyong Expressway, Linyun Expressway and Linshuang Expressway respectively, and issue a letter of undertaking for deficiency. The letter of undertaking for deficiency should be signed up to the above amounts respectively after negotiation with relevant creditors.

As of the date of approval of this report, the Company has actually issued the letter of undertaking and provided credit enhancement as follows:

Ningyong Expressway was granted a credit line of RMB11 billion by the bank, and the Company has issued a letter of undertaking for deficiency as to RMB9 billion or 42.86% of the credit line. The bank has actually granted a loan of RMB3.98 billion, and the Company has provided credit enhancement for RMB1.706 billion of the loan.

Linyun Expressway was granted a credit line of RMB11.1 billion by the bank, and the Company has issued a letter of undertaking for deficiency as to RMB5.6 billion or 42.86% of the credit line. The bank has actually granted a loan of RMB2.8 billion, and the Company has provided credit enhancement for RMB1.2 billion of the loan.

Linyun Expressway was granted a credit line of RMB9.9 billion by the bank, and the Company has issued a letter of undertaking for deficiency as to RMB4.06 billion or 42.86% of the credit line. The bank has actually granted a loan of RMB1.77 billion, and the Company has provided credit enhancement for RMB759 million of the loan.

## SECTION 10 FINANCIAL REPORT

**12. COMMITMENTS AND CONTINGENCIES (Continued)****(2) Contingencies**

1. Dispute over engineering construction contract between the Company's subsidiary Sixth Metallurgical Construction Company of China Nonferrous Metals Industry (hereinafter referred to as "Sixth Metallurgical Company") and Shougang Jingtang Iron and Steel Corporation Limited (hereinafter referred to as "Jingtang Iron and Steel")

In November 2014, Jingtang Iron and Steel filed a lawsuit with Tangshan Intermediate People's Court, claiming that based on the quantity of work completed by Six Metallurgical Company, Sixth Metallurgical Company had been overpaid by Jingtang Iron and Steel for a total of RMB25.78 million after deducting expenses that should be borne by Six Metallurgical Company, and requesting Six Metallurgical Company to return the overpaid project sum. In March 2015, Six Metallurgical Company filed a lawsuit with the Higher People's Court of Hebei Province, pointing out that after the completion of the project, Jingtang Iron & Steel failed to calculate the contract price in the way agreed in the contract and did not review and settle part of the budgetary cost declared by Six Metallurgical Company, and requesting Jingtang Iron and Steel to pay the project sum of RMB292.28 million and interest thereon and to bear all litigation costs.

Six Metallurgical Company submitted applications to Tangshan Intermediate People's Court and Higher People's Court of Hebei Province respectively, requesting Tangshan Intermediate People's Court to suspend the hearing of civil case Jingtang Iron and Steel v. Six Metallurgical Company (2014) Tang Min Chu Zi No.205, and applying to Higher People's Court of Hebei Province to arraign the case for joint hearing with civil case Six Metallurgical Company v. Jingtang Iron and Steel (2015) Ji Min Chu Zi No.3. The Higher People's Court of Hebei Province accepted Six Metallurgical Company's application and held a hearing on the combined case in December 2015. The first instance ruled that Jingtang Iron and Steel shall pay RMB63.49 million and related interest to Six Metallurgical Company. In July 2019, the second instance ruled to revoke the Higher People's Court of Hebei Province (2015) Jimin Yichuzi No. 3 civil judgment and returned it to the Higher People's Court of Hebei Province for retrial. In the first instance of the retrial, Sixth Metallurgical Company applied to the Higher People's Court of Hebei Province for supplemental appraisal of the cost, and applied for property preservation measures to freeze the account balance of Shougang Jingtang of RMB100 million. In March 2021, the Higher People's Court of Hebei Province ruled in the first instance of the retrial that Jingtang Iron and Steel shall pay the project arrears of approximately RMB39 million and interests to Sixth Metallurgical Company, and rejected other claims made by Sixth Metallurgical Company and the counterclaim made by Jingtang Iron and Steel. Currently, the case is in the second instance of trial.

2. Dispute over engineering construction contract between the Company's subsidiary Sixth Metallurgical Company and Zhonghe Anshan Shengshide Real Estate Co., Ltd (hereinafter referred to as "Zhonghe Shengshide")

In September 2016, Sixth Metallurgical Company filed a lawsuit with Anshan Municipal Intermediate People's Court, requiring Zhonghe Shengshide to pay project arrears of RMB55.11 million and interest thereon, and claiming the priority as a construction project contractor against the 5#, 6#, 7#, and 8# floor and the underground parking lots of Zhonghe Shengshi Haoting (Phase II). In May 2018, the Anshan Municipal Intermediate People's Court made a judgment and rejected Sixth Metallurgical Company's litigation request. Sixth Metallurgical Company appealed the above judgment to the Higher People's Court of Liaoning Province in June 2018. In June 2019, the Higher People's Court of Liaoning Province revoked the judgment of first instance made by Liaoning Provincial Intermediate People's Court and remanded the case for a retrial. Currently, the case is under trial.

## SECTION 10 FINANCIAL REPORT

**12. COMMITMENTS AND CONTINGENCIES (Continued)****(2) Contingencies (Continued)**

3. Dispute over contract between our subsidiary Sixth Metallurgical Company and Xinjiang Qinghua Investment Holdings Limited (hereinafter referred to “Qinghua Investment”) and Xinjiang Qinghua Energy Group Co., Ltd. (hereinafter referred to “Qinghua Energy”)

On 28 December 2018, Sixth Metallurgical Company filed an arbitration application to Urumchi Arbitration Commission in Urumchi City, Xinjiang Uygur Autonomous Region, requesting Qinghua Investment and Qinghua Energy to pay project sum and corresponding interest totaling RMB61.36 million and all litigation costs. Urumchi Arbitration Commission accepted the arbitration application, and issued the Notice on Acceptance of Arbitration Application ((2018) Wu Zhong Zi No.0375) on 18 February 2019. In August 2019, the Yining County People’s Court ruled that Qinghua Energy’s equity interests in Yili Qinghua Energy Development Company and Yining County Qinghua Hydropower Development Co., Ltd. should be frozen for a period of 2 years. On 11 January 2021, the (2018) Wuzhongjuezi No.0375 Decision was received. The arbitration commission believed that since the two subcontracts were under the disputes of construction fees, the arbitration commission has not made the judgment and must be subject to the judgement of two subcontract cases, thus decided to suspend the hearing of the case.

4. Dispute over engineering construction contract between our subsidiary Sixth Metallurgical Company and Xinyang Jieming Earthwork Engineering Co., Ltd (hereinafter referred to as “Xinyang Jieming”)

In September 2017, Xinyang Jieming filed a lawsuit with the Zhengzhou Intermediate People’s Court, requesting an order to order Henan Xinchangcheng Construction Engineering Co., Ltd. (hereinafter referred to as “Xinchangcheng Construction”) to pay the project arrears and interest totaling RMB72.12 million, and Xinchangcheng Construction shall bear all litigation costs. The order stated that Sixth Metallurgical Company shall bear joint and several liability for the aforementioned payment responsibilities of Xinchangcheng Construction, and that Zhengzhou Airport Zone State-owned Asset Operation and Management Co., Ltd. shall bear joint and several liabilities within the scope of the project payment. In July 2019, the first instance judged that Xinchangcheng Construction shall pay Xinyang Jieming RMB51.7567 million and the interests therein, and Sixth Metallurgical Company shall assume joint and several liabilities. Xinchangcheng Construction, Xinyang Jieming and Sixth Metallurgical Company filed appeals against the aforementioned judgments in August 2019, respectively, and the Henan Higher People’s Court had accepted these appeals. On 6 July 2020, a second-instance judgment was received, which stated that Sixth Metallurgical Company shall bear joint and several liabilities within the range of RMB53.6071 million. At present, the retrial procedure of the case is in preparation.

In August 2020, Xinchangcheng Construction submitted a complaint to the Zhengzhou Intermediate People’s Court for a contract dispute with Xinyang Jieming, requesting a judgment to confirm that the total cost of the construction which was subcontracted by Xinchangcheng Construction to Xinyang Jieming was RMB26.9237 million. Xinchangcheng Construction requested a judgement to order Xinyang Jieming to return the over-paid construction cost of RMB66.1361 million to Xinchangcheng Construction, and the litigation cost of the case shall be borne by Xinyang Jieming. Sixth Metallurgical Company was the third person in this case. The Zhengzhou Intermediate People’s Court has accepted the case and ruled to freeze the deposit of RMB58 million in the bank of Xinyang Jieming. Currently, the case is under trial.



## SECTION 10 FINANCIAL REPORT

**12. COMMITMENTS AND CONTINGENCIES (Continued)****(2) Contingencies (Continued)**

5. Dispute over engineering construction contract between our subsidiary Sixth Metallurgical Company and Henan Hongxuan Real Estate Co., Ltd (hereinafter referred to as “Hongxuan Company”)

On 31 May 2018, Sixth Metallurgical Company filed a lawsuit with Anyang Intermediate People’s Court, requesting Hongxuan Company to pay project sums quality retentions totaling RMB77.07 million, and to bear all litigation costs. At the same time, Hongxuan Company brought a separate lawsuit against Sixth Metallurgical Company, claiming for complete documents on construction completion and RMB29.98 million of liquidated damage. In September 2019, Anyang Beiguan District People’s Court issued (2019) Yu 0503 Min Chu No. 2800 “Civil Judgement” and ruled that Xu Hongxuan Company’s case against Sixth Metallurgical Company. On 23 November 2020, Anyang Intermediate People’s Court issued (2018) Yu 05 Min Chu No. 117 Civil Judgement and ruled that Hongxuan Company shall pay Sixth Metallurgical Company the construction fees amounted to RMB44.9251 million together with interest. Both parties appealed and the case is under trial.

6. Dispute over engineering construction contract between our subsidiary Sixth Metallurgical Company and Yingkou Zhongwang Aluminum Co., Ltd (hereinafter referred to as “Zhongwang Aluminum”)

In May 2019, Sixth Metallurgical Company applied for arbitration to Yingkou Arbitration Commission, requesting Zhongwang Aluminum to pay construction fees and interests of RMB127.866 million and applying for the property preservation measures to seize the lands and properties of Zhongwang Aluminum of more than 60,000 square meters with the value of RMB127.866 million. In October 2019, Yingkou Intermediate People’s Court issued the “Supplementary Enforcement Notice” ((2019) Liao 08 Caibao No.20) which requested Yingkou Real Estate Registration Center to assist to seize the properties of Zhongwang Aluminum at Xishi District, Yingkou with the seizure period of three years. Zhongwang Aluminum counter claimed that Sixth Metallurgical Company should be responsible for the quality compensation. In June 2021, the two parties reached a mediation agreement, both of Sixth Metallurgical Company and Zhongwang Aluminum confirmed that RMB67.2928 million of construction fees and RMB13.0898 million of interests were owed by Zhongwang Aluminum to Sixth Metallurgical Company as of 20 May 2021. Sixth Metallurgical Company waived RMB3.6 million of interests and provided compensation of RMB2 million to Zhongwang Aluminum for resolving disputes between the two parties on quality issues. The arbitration costs, cost appraisal fees and preservation fees were all borne by Zhongwang Aluminum, while the arbitration costs for the counterclaim and quality appraisal fees were borne by Sixth Metallurgical Company. Zhongwang Aluminum shall pay RMB74.4993 million to Sixth Metallurgical Company by installments within six months (before 30 November 2021). Currently, the mediation agreement entered into for the case has not yet been fully fulfilled.

## SECTION 10 FINANCIAL REPORT

**12. COMMITMENTS AND CONTINGENCIES (Continued)****(2) Contingencies (Continued)**

7. Dispute over engineering construction contract between our subsidiary Sixth Metallurgical Company and Qiu Haijie, Zhang Jun, Guo Zhiming, and Zeng Minghai

In April 2018, Qiu Haijie, Zhang Jun, Guo Zhiming, and Zeng Minghai brought a lawsuit against Sixth Metallurgical Company with Turned People's Court in Inner Mongolia Autonomous Region, requiring Sixth Metallurgical Company to pay RMB26 million of project arrears. As the subject value went beyond the authority of the court, the case was handed over to Hohhot Intermediate People's Court. In May 2018, Hohhot Intermediate People's Court handed down the ruling of first instance to freeze RMB36 million of bank deposits of Sixth Metallurgical Company or the RMB36 million payable by Boyuan Real Estate Co., Ltd. in Hohhot Economic and Technological Development Zone to Sixth Metallurgical Company. In June 2019, an application of claim alternation increasing the subject value from RMB36 million to RMB60.9549 million was delivered to Hohhot Intermediate People's Court. In 2018, Sixth Metallurgical Company refused to accept the civil ruling of the Hohhot Intermediate People's Court, then raised an objection to the jurisdiction of the case, and appealed to the Higher People's Court of the Inner Mongolia Autonomous Region. In April 2019, the Inner Mongolia Higher People's Court issued the Civil Judgment (2019) Nei Min Xia Zhong No. 27, which ruled that the appeal was dismissed, upholding the original ruling. The case is now in court session.

8. Dispute over engineering construction contract between our subsidiary Sixth Metallurgical Company and Kaiyang Ronghe Urban Development Investment Co., Ltd. (hereinafter referred to as "Kaiyang Ronghe")

In January 2020, Sixth Metallurgical Company filed a lawsuit with the Intermediate People's Court of Guiyang City, Guizhou Province, requesting an order to order Kaiyang Ronghe to pay RMB80.3159 million project costs and overdue interest, and Kaiyang Ronghe shall bear all litigation costs. The Intermediate People's Court of Guiyang City, Guizhou Province has accepted the case. After the mediation conducted by the Intermediate People's Court of Guiyang City, Guizhou Province, the two parties reached a mediation agreement. Kaiyang Ronghe and Sixth Metallurgical Company unanimously agreed that the settlement price of the well-off residential property construction project named "Villages in Beautiful Countryside" in Kaiyang County shall be RMB72.7698 million, of which RMB9 million construction fees were paid and RMB63.7698 million construction fees were outstanding. Kaiyang Investment Group Co., Ltd. provided general guarantees over Kaiyang Ronghe's debts and litigation costs. Kaiyang Ronghe shall pay the construction fees at particular points in time, and Sixth Metallurgical Company shall provide project invoices at equivalent amount as required. Currently, the mediation agreement entered into for the case has not yet been fully fulfilled.

## SECTION 10 FINANCIAL REPORT

**12. COMMITMENTS AND CONTINGENCIES (Continued)****(2) Contingencies (Continued)**

9. Dispute over engineering construction contract between our subsidiary Sixth Metallurgical Company and Henan Taixing House Property Co., Ltd. (hereinafter referred to as “Henan Taixing”)

In June 2020, Henan Taixing filed a lawsuit with the Intermediate People's Court of Zhengzhou City, Henan Province, requesting an order for Sixth Metallurgical Company to pay liquidated damages and interest for the delay of the project, totaling RMB59.5986 million, and Sixth Metallurgical Company shall bear the litigation costs in full. As Henan Taixing failed to pay the case acceptance fee in advance within the prescribed time, the Intermediate People's Court of Zhengzhou City, Henan Province ruled that Henan Taixing withdrew the prosecution. In August 2020, Henan Taixing filed a lawsuit again with the Intermediate People's Court of Zhengzhou City, Henan Province, and neither the content of the lawsuit nor the amount involved in the lawsuit changed. Currently, the case is still under trial.

In November 2019, Sixth Metallurgical Company filed a lawsuit with the Intermediate People's Court of Zhengzhou City, Henan Province, requesting a ruling to terminate the construction contract, and requesting a ruling for Henan Taixing to pay the remaining construction costs, interest, and compensation.

In December 2020, the Intermediate People's Court of Zhengzhou City, Henan Province issued the Civil Judgement from the Intermediate People's Court of Zhengzhou City, Henan Province ((2019) Yu 01 Min Chu No. 2290) in respect of the Xu Sixth Metallurgical Company's case against Henan Taixing, which ruled to terminate the construction contract entered into between Henan Taixing and Sixth Metallurgical Company and ruled Henan Taixing to pay construction fees of RMB6.3336 million and interests thereon, and Sixth Metallurgical Company would enjoy priority in compensation for the project payment in respect of the consideration and auction proceeds of the construction involved in the case within the scope of the outstanding construction fees of RMB6.3336 million. Since Sixth Metallurgical Company and Henan Taixing both appealed, the case was under the second instance currently.

For the Xu Henan Taixing's case against Sixth Metallurgical Company, the Intermediate People's Court of Zhengzhou City, Henan Province issued the Civil Judgement from the Intermediate People's Court of Zhengzhou City, Henan Province ((2020) Yu 01 Min Chu No. 791) which ruled to terminate the involved contract executed by Henan Taixing and Sixth Metallurgical Company and rejected Henan Taixing's other litigation requests. Henan Taixing was responsible for the case acceptance fee and preservation fees. Since Henan Taixing both appealed, the case was under the second instance currently.

## SECTION 10 FINANCIAL REPORT

**12. COMMITMENTS AND CONTINGENCIES (Continued)****(2) Contingencies (Continued)**

10. Dispute over engineering construction contract between our subsidiary Sixth Metallurgical Company and Henan Zhongfu Industrial Co., Ltd. (hereinafter referred to as “Henan Zhongfu”)

In August 2020, Sixth Metallurgical Company filed a lawsuit with the Intermediate People’s Court of Zhengzhou City, Henan Province, requesting a judgment that Henan Zhongfu shall pay a total of RMB76.156 million for the construction fees and interest, and Henan Zhongfu shall bear all litigation costs and preservation fees. In January 2021, the Intermediate People’s Court of Zhengzhou City, Henan Province issued the Civil Judgement from the Intermediate People’s Court of Zhengzhou City, Henan Province ((2020) Yu 01 Min Chu No. 788), which ruled Henan Zhongfu to pay construction fees of RMB53.8972 million and interests thereon to Sixth Metallurgical Company and rejected Sixth Metallurgical Company’s other litigation requests. Currently, the case is under second instance.

11. Dispute over engineering construction contract between our subsidiary Sixth Metallurgical Company and Inter Mongolia Hengda Properties Co., Ltd. (hereinafter referred to as “Hengda Properties”)

In December 2020, Sixth Metallurgical Company filed a lawsuit with Hohhot Intermediate People’s Court, requesting Hengda Properties to pay construction fees of RMB50.7587 million and interests thereon and requesting Sixth Metallurgical Company to have priority in respect of payment from discounted price or auction price of the construction of F12 ancillary living site (1# floor, 2# floor, 5# floor, 6# floor, 9# floor, 10# floor, 1#–3# commercial, kindergarten, south gate, north gate and underground car park) undertaken by it located at the southern side of Genghis Khan Road East and the western side of Wantong Road within the scope of the construction fees of RMB50.7587 million due from Hengda Properties. Hengda Properties would be responsible for the litigation fees, attachment fees and guarantee fees.

Since Hengda Properties breached during the performance of contract, Sixth Metallurgical Company applied to Hohhot Intermediate People’s Court for the pre-litigation property attachment. Hohhot Intermediate People’s Court has issued the “Civil Judgement” ((2020) Nei 01 Cai Bao No.28) in respect of the application of the pre-litigation property attachment and ruled to seize the properties of the Commercial Building 2 (gross floor area was 2,682.15 square meters and the number of real estate ownership certificate was Meng (2018) Hohhot Bu Dong Chan Quan No. 0024649) and the 1st to 3rd floor 101 of Commercial Building 3 (gross floor area was 1,069.01 square meters and the number of real estate ownership certificate was Meng (2018) Hohhot Bu Dong Chan Quan No. 0023608) of the F12 living site located at Genghis Khan Road East, Xincheng District, Hohhot. Hohhot Intermediate People’s Court has accepted the case. Currently, the case is under trial.

## SECTION 10 FINANCIAL REPORT

**12. COMMITMENTS AND CONTINGENCIES (Continued)****(2) Contingencies (Continued)**

12. Dispute over engineering construction contract between our wholly-owned subsidiary China Aluminum Great Wall Construction Co., Ltd (hereinafter referred to as “Great Wall Construction”) and Changge Hongji Weiye Real Estate Development Co., Ltd (hereinafter referred to as “Hongji Weiye”)

On 25 April 2019, Great Wall Construction filed a lawsuit against Hongji Weiye with Xuchang Intermediate People’s Court in Henan Province for dispute over engineering construction contract, requesting that:

- (1) Hongji Weiye pays Great Wall Construction RMB89.4323 million of project arrears and RMB4.4716 million of interest (at 12% per annum for the period from 19 November 2018 to 18 April 2019), totaling RMB93.9039 million in aggregate. The interest on project sum is calculated up to the payment date determined in the judgement.
- (2) Great Wall Construction has priority in respect of payment from discounted price or auction price of high-rise construction project including 27# –, 31# floor in Zone A of Hongji Weiye’s Changge Diamond Plaza located north to the middle part of Getian Avenue in Changge City, to the extent of project sum of RMB89.4323 million payable by Hongji Weiye.
- (3) Hongji Weiye bear all litigation fees, attachment fees, and guarantee fees concerning this case.

## SECTION 10 FINANCIAL REPORT

**12. COMMITMENTS AND CONTINGENCIES (Continued)****(2) Contingencies (Continued)**

## 12. (Continued)

On 8 January 2020, Great Wall Construction submitted to Xuchang Intermediate People's Court an application for alternation to claims as follows:

- (1) Hongji Weiye pays Great Wall Construction project sum of RMB56.2155 million and the interest (at 12% per annum for the period from 19 November 2018 to the payment date determined in the judgement).
- (2) Great Wall Construction has priority in respect of payment from discounted price or auction price of high-rise construction project including 27# –, 31# floor in Zone A of Hongji Weiye's Changge Diamond Plaza located north to the middle part of Getian Avenue in Changge City, to the extent of project sum of RMB56.2155 million payable by Hongji Weiye.
- (3) Hongji Weiye bears RMB25,400 of attachment guarantee fee and RMB850,000 of appraisal fee concerning this case.
- (4) Hongji Weiye bears all litigation fees and attachment fees concerning this case.

On 2 September 2020, Xuchang Intermediate People's Court in Henan Province issued the "Civil Judgment" ((2019) Yu 10 Min Chu No.58) for this case, ruling Hongji Weiye to pay construction fees of RMB50.3478 million and interests thereon. Hongji Weiye was required to pay appraisal fees of RMB850,000 to Great Wall Construction and Great Wall Construction was required to carry out repair and maintenance works for the quality issue of its scope of construction. Hongji Weiye appealed to the Higher People's Court of Henan Province refused to accept the first-instance judgment. In February 2021, the Higher People's Court of Henan Province issued the "Civil Judgment" ((2020) Yuminzhong No.1118) which ruled to reject the appeal of Hongji Weiye and upheld the original verdict. Hongji Weiye was responsible for the case acceptance fee of the second instance. Currently, the case is being executed.

## SECTION 10 FINANCIAL REPORT

**12. COMMITMENTS AND CONTINGENCIES (Continued)****(2) Contingencies (Continued)**

13. Dispute over engineering construction contract between the Company's subsidiary China Nonferrous Metals Industry's 12th Metallurgical Construction Co., Ltd. (hereinafter referred to as "Twelfth Metallurgical Company") and Huainan Zhongsheng Property Co., Ltd ("Huainan Zhongsheng"), Zhirongcheng Investment (Beijing) Co., Ltd. ("Zhirongcheng"), Beijing Wuzhou Hengyou International Investment Co., Ltd. (Wuzhou Hengyou), Ganzhou Hualong Real Estate Development Co., Ltd ("Ganzhou Hualong"), and Chen Quanhong.

In April 2016, Twelfth Metallurgical Company filed a lawsuit with Shanxi Provincial High People's Court, requesting Huainan Zhongsheng to repay the RMB450 million of advance for land transfer fees, as well as RMB151.18 million of interest and RMB150.81 million of liquidated damage, Zhirongcheng and Ganzhou Hualong to assume guarantor's liability to the extent of equity pledged, and Chen Quanhong to bear litigation fees and attachment fees concerning the case.

Shanxi Provincial Higher People's Court put the case on file in April 2016 and handed down the Civil Judgment [2016 Jin Min Chu No.27] in July 2016, seizing the state-owned construction land use right of Huainan Zhongsheng, which is located in the south of Guoqing West Road, Ancheng Town, Tianjia'an District, Huainan City, with an area of 90,250.79 square meters, and the north of Shijianhu East Road, Tianjia'an District, Huainan City, with an area of 16,481.42 square meters. In September 2016, Shanxi Provincial Higher People's Court issued a ruling [(2016) Jin Min Chu No. 27-1], which imposed an additional freeze RMB509 million bank deposits or equivalent assets of the defendants Huainan Zhongsheng, Zhirongcheng, Beijing Wuzhou Hengyou Company, Ganzhou Hualong Real Estate Company and Chen Quanhong. Subsequently, the land use rights of 42,871.68 square meters and 33,201.40 square meters in the south of Guoqing West Road, Ancheng Town, Tianjiaan District, Huainan City, were seized.

The Supreme People's Court issued a final judgment of second instance on 14 October 2019, and ruled that Tianjia'an District Government should pay Huainan Zhongsheng RMB443 million. On 24 December 2019, Twelfth Metallurgical Company applied to the Anhui Higher People's Court for the enforcement of such order on behalf of Huainan Zhongsheng. Currently, the case is in the enforcement stage.



## SECTION 10 FINANCIAL REPORT

**12. COMMITMENTS AND CONTINGENCIES (Continued)****(2) Contingencies (Continued)**

14. Dispute over engineering construction contract between our subsidiary Twelfth Metallurgical Company and Taiyuan Jiaxin Palm Real Estate Development Co., Ltd (hereinafter referred to as “Jiaxin Palm”)

In September 2018, Twelfth Metallurgical Company filed a lawsuit with Taiyuan Intermediate People’s Court in Shanxi Province, demanding that Jiaxin Palm pay project arrears, liquidated damage and relevant economic loss totaling RMB53.31 million, and requesting the termination of the Engineering Construction Contract between the parties. Taiyuan Intermediate People’s Court put the case on file on 12 October 2018. Twelfth Metallurgical Company filed an application for preservation with the Taiyuan Intermediate People’s Court. The Taiyuan Intermediate People’s Court seized 41 houses under the name of Jiaxin Palm. The period of seizure was from 20 March 2019 to 19 March 2022. The case is currently in hearing of first instance.

15. Dispute over engineering construction contract between our subsidiary Twelfth Metallurgical Company and China National Aviation Fuel Northern Storage and Transportation Co., Ltd. (hereinafter referred to as “Northern Storage and Transportation”)

In June 2020, Twelfth Metallurgical Company filed an arbitration application to the Beijing Arbitration Commission, requesting an order for Northern Storage and Transportation to pay the construction fees and interest on the arrears, totaling RMB72.8684 million, and Northern Storage and Transportation shall bear all arbitration costs. In October 2020, Northern Storage and Transportation filed a counterclaim application to Beijing Arbitration Commission on grounds of project quality issue, requesting Twelfth Metallurgical Company to pay a total amount of RMB86.0273 million which includes restoration costs, the increased management fees resulted from quality rectifications, default penalty regarding product quality and default penalty regarding progress to Northern Storage and Transportation. Twelfth Metallurgical Company shall bear all litigation costs. Beijing Arbitration Commission has accepted the case. Currently, the case was still under trial.

16. Dispute over engineering construction contract between the Company’s subsidiary Twelfth Metallurgical Company and Northern Heavy Industries Group Co., Ltd. (hereinafter referred to as “Northern Heavy Industries”)

In May 2021, Twelfth Metallurgical Company filed a lawsuit with the Intermediate People’s Court in Shenyang City, Liaoning Province, requesting confirmation of bankruptcy claims of RMB53.0376 million (including: claim for construction and material costs of RMB20.9832 million, claim for performance bond of RMB3.655 million, claim for extension fee of large machinery of RMB19.125 million, claim for the value of large machinery of RMB9.148 million, and claim for interests on construction progress payments of RMB0.1258 million), and requesting Northern Heavy Industries to bear all litigation costs. The Intermediate People’s Court in Shenyang City, Liaoning Province has accepted the case. Currently, the case is still under trial.



## SECTION 10 FINANCIAL REPORT

**12. COMMITMENTS AND CONTINGENCIES (Continued)****(2) Contingencies (Continued)**

17. Dispute over engineering construction contract between the Company's subsidiary Twelfth Metallurgical Company and Pilatus Aircraft Maintenance Engineering (Chongqing) Co., Ltd. (hereinafter referred to as "Pilatus")

In July 2021, Twelfth Metallurgical Company filed a lawsuit with Chongqing No. 1 Intermediate People's Court, requesting an order against Pilatus for the payment of RMB66.0101 million of construction costs and RMB13.5724 million of overdue interests, and for the priority that Twelfth Metallurgical Company shall be entitled to in compensation for the project payment from the discounted consideration or auction proceeds of the project involved in the case within the scope of the outstanding construction fees of RMB66.0101 million of Pilatus, and for termination of the contract signed by both parties, with all litigation costs to be borne by Pilatus. Chongqing No. 1 Intermediate People's Court has accepted the case. Currently, the case is still under trial.

18. Debt dispute between our subsidiary CHALIECO (Tianjin) Construction Co., Ltd. (hereinafter referred to as "Tianjin Construction") and GAO Weihua and 7 companies including Tianzi Environmental Protection Investment Holdings Co., Ltd. (hereinafter referred to as "Tianzi Environmental Protection")

In May 2016, Tianjin Construction filed a lawsuit with Tianjin Second Intermediate People's Court, demanding that Tianzi Environmental Protection pay RMB35.75 million of funding fee and costs for equipment purchase, storage, and management, with the rest 7 defendants jointly and severally liable for the aforesaid payment. Tianjin Second Intermediate People's Court accepted the case in May 2016.

In June 2016, Tianjin Construction submitted the Application for Additional Defendants and Claims, adding Tianjin Free Trade Zone Branch of Industrial and Commercial Bank of China (hereinafter referred to as "ICBC Free Trade Zone Branch") as a defendant, and demanding that Tianzi Environmental Protection repay the principal and interest of the project advance and equipment investment totaling RMB176.7 million, Huazhiyuan (Tianjin) International Trade Co., Ltd. (hereinafter referred to as "Huazhiyuan") be severally and jointly liable for the payment to the extent guaranteed and ICBC Free Trade Zone Branch assume guarantor's liability under the guarantee. In March 2017, Tianjin Construction won the lawsuit in the first instance, and Tianzi Environmental Protection appealed to Tianjin Higher People's Court, which ruled on the revocation of the civil judgment made by Tianjin Second Intermediate People's Court and remanded the case for retrial. In December 2020, the retrial of the first instance ruled that Tianzi Environmental Protection shall pay RMB68.87 million and interest of RMB4.18 million to Tianjin Construction, and Huazhiyuan shall assume joint liabilities within the range of RMB46.29 million. Both parties appealed. Currently, the case is under trial of second instance.

19. Dispute over engineering construction contract between Tianjin Construction, a subsidiary of the Company and Shanxi Tongde Aluminum Co., Ltd. (hereinafter referred to as "Tongde Aluminum")

In January 2021, Tianjin Construction filed a lawsuit with Xinzhou Intermediate People's Court, requesting to terminate the construction agreement executed by both parties and requesting Tongde Aluminum to pay a total amount of RMB57.8797 million which included construction fees of RMB49.1660 million, material costs of RMB7.2737 million and guarding fees of RMB1.44 million. Also, Tianjin Construction requested the payment of default interests and Tongde Aluminum shall bear all litigation costs. Xinzhou Intermediate People's Court has accepted the case. Currently, the case is still under trial.

## SECTION 10 FINANCIAL REPORT

**12. COMMITMENTS AND CONTINGENCIES (Continued)****(2) Contingencies (Continued)**

20. Dispute over engineering construction contract between Guiyang Aluminum and Magnesium Design Institute Construction Contracting Co., Ltd. (hereinafter referred to as “Guiyang Institute Contracting Company”), a wholly-owned subsidiary of our subsidiary Guiyang Institute, and Guizhou Huada Real Estate Development Co., Ltd. (hereinafter referred to as “Guizhou Huada”)

In December 2018, Guiyang Institute Contracting Company submitted an application to Guiyang Arbitration Committee for arbitration against Guizhou Huada for the dispute over general contracting agreement. On 20 January 2020, Guiyang Arbitration Committee issued the Award (2019) Gui Zhong Cai Zi No. 0727 as follows:

- (1) It is confirmed that the RMB150 million advanced by Guiyang Institute Contracting Company for Guizhou Huada and the RMB70 million project payment, totaling RMB220 million, have become due, and Guizhou Huada shall repay the RMB220 million to Guiyang Institute Contracting Company within 30 days after the judgement is served.
- (2) Within 30 days after the judgment is served, Guizhou Huada shall repay Guiyang Institute Contracting Company the RMB150 million advanced payment, and RMB70 million project sum and relevant interest up to when the repayment is made.
- (3) Within 30 days after the judgment is served, Guizhou Huada shall repay Guiyang Contracting Company liquidated damage on the basis of the RMB220 million advance at 6% per annum for the period from 19 September 2019 up to when the repayment is made.
- (4) Within 30 days after the judgment is served, Guizhou Huada shall pay Guiyang Institute Contracting Company RMB200,000 as liquidated damage for the delay in mortgage, RMB1.2 million of attorney’s fee, RMB400,000 of attachment guarantee fee and RMB3,000 of attachment fee. The arbitration fee amounted to RMB2.2087 million, with RMB662,600 payable by Guiyang Institute Contracting Company and RMB1.5461 million payable by Guizhou Huada.

## SECTION 10 FINANCIAL REPORT

**12. COMMITMENTS AND CONTINGENCIES (Continued)****(2) Contingencies (Continued)**

## 20. (Continued)

On 15 January 2016, Guiyang Institute Contracting Company, Xixiu District of Anshun City Urban Investment and Development Co., Ltd. (hereinafter referred to as “Xixiu Urban Investment”) and Huada Company entered into the “Credit Guarantee Contract”, stipulating that Xixiu Urban Investment assumes joint and several guarantee responsibility for the funds advanced by Guiyang Institute Contracting Company. Xixiu Urban Investment breached the contract during the performance of its obligations and failed to perform the joint and several liability for the settlement as agreed. Guiyang Institute Contracting Company filed a lawsuit with the Intermediate People’s Court of Guiyang City, Guizhou Province, located in Guiyang City, Guizhou Province, requesting to order Xixiu Urban Investment to pay RMB367 million due to Guiyang Institute Contracting Company from Huada Company (according to the content of (2019) Gui Zhong Cai Zi No. 0727 the “Ruling”, up to 7 April 2020 tentatively), and shall be jointly and severally liable to Guiyang Institute Contracting Company for settlement within the range of RMB250 million; Xixiu Urban Investment was ordered to pay liquidated damages of RMB7.75 million and bear all litigation costs. In November 2020, the Intermediate People’s Court of Guiyang City, Guizhou Province issued the “Civil Judgment of the Intermediate People’s Court of Guiyang City, Guizhou Province” ((2020) Qin 01 Minchu No. 1451). In respect of the expiring creditor’s rights due from Huada Company to Guiyang Institute Contracting Company, Xixiu Urban Investment shall be jointly and severally liable to Guiyang Institute Contracting Company for settlement within the range of RMB250 million. Other litigation requests of Guiyang Institute Contracting Company were rejected. Currently, the case is under trial of second instance.

21. Dispute over engineering construction contract between Guiyang Institute, a subsidiary of the Company, Guiyang Institute Contracting Company, a wholly-owned subsidiary, and Seventh Metallurgical Civil Engineering Co., Ltd. (hereinafter referred to as “Seventh Metallurgical Civil Engineering”)

In August 2020, Seventh Metallurgical Civil Engineering filed an arbitration application with Guiyang Arbitration Commission, requesting a ruling that Guiyang Institute Contracting Company should pay RMB3.9017 million for the completed project to Seventh Metallurgical Civil Engineering; requesting a ruling that Guiyang Institute should pay RMB49.8044 million for the completed project to Seventh Metallurgical Civil Engineering; requesting a ruling to pay part of the expected benefits (expected reasonable profit) of Building B of the involved project to Seventh Metallurgical Civil Engineering due to the breach of contract by Guiyang Institute of RMB4.9145 million; requesting a ruling that Guiyang Institute and Guiyang Institute Contracting Company’s breach of contract in respect of the project payment that incurred a loss of RMB4.4108 million of Seventh Metallurgical Civil Engineering due to the suspension of construction; requesting a ruling that the delayed demolition of the project involved in the case resulting in the prolonged idling of the labor force of Seventh Metallurgical Civil Engineering in a loss of RMB2.3817 million; requesting a ruling that Guiyang Institute should pay the reasonable profit that should be paid due to the delay in payment of the project progress payment to Seventh Metallurgical Civil Engineering until the date of payment in full; requesting a ruling that Seventh Metallurgical Civil Engineering should enjoy priority in compensation for the project payment in respect of the project involved in the case, and Guiyang Institute and Guiyang Institute Contracting Company shall bear arbitration costs, preservation fees, and attorney fees. The Guiyang Arbitration Commission has accepted the case. Currently, the case is still under trial.

## SECTION 10 FINANCIAL REPORT

**12. COMMITMENTS AND CONTINGENCIES (Continued)****(2) Contingencies (Continued)**

22. Dispute over contract between the Company and China Aluminum International Engineering & Equipment Co., Ltd. (hereinafter referred to as “Equipment Company”), a wholly-owned subsidiary of the Company, and Qinghai Xibu Hydropower Co., Ltd (hereinafter referred to as “Xibu Hydropower”)

On 21 December 2018, the Company filed a lawsuit with Qinghai Provincial Higher People’s Court, requesting Xibu Hydropower to pay the arrears and relevant interest totaling RMB142.67 million and bear all litigation costs. Qinghai Provincial Higher People’s Court put the case on file, and issued the Circular of Qinghai Provincial Higher People’s Court on Case Acceptance [(2018) Qing Min Chu No. 207]. On 13 May 2019, Qinghai Provincial Higher People’s Court handed down the first-instance judgement, ruling that Qinghai Xibu Hydropower Co., Ltd shall pay the Company compensation and cost of about RMB130 million, as well as interest and liquidated damage of about RMB93 million for the period from 22 December 2018 up to the actual payment date. As Xibu Hydropower failed to perform its financial payment obligations as scheduled, the Company applied to the Qinghai Higher People’s Court for enforcement. As at 19 June 2020, the Higher People’s Court of Qinghai Province accepted the bankruptcy and reorganization application of Xibu Hydropower. As at 16 July 2020, an execution ruling (being one of (2020) Qing 01 Zhi Hui No. 50) was issued to terminate the enforcement procedure.

On 21 December 2018, Equipment Company filed a lawsuit with Qinghai Provincial Higher People’s Court, requesting Xibu Hydropower to pay the arrears and relevant interest totaling RMB196.24 million and bear all litigation costs. Qinghai Provincial Higher People’s Court put the case on file, and issued the Circular of Qinghai Provincial Higher People’s Court on Case Acceptance [(2018) Qing Min Chu No. 208]. In August 2019, Qinghai Provincial Higher People’s Court handed down the first-instance judgement, ruling that Qinghai Xibu Hydropower Co., Ltd shall pay China Aluminum International Engineering & Equipment Co., Ltd. about RMB161 million, as well as interest and liquidated damage for the period from 1 January 2017 up to the actual payment date. As Xibu Hydropower failed to perform its financial payment obligations as scheduled, Equipment Company applied to the Qinghai Higher People’s Court for enforcement. As at 19 June 2020, the Higher People’s Court of Qinghai Province accepted the bankruptcy and reorganization application of Xibu Hydropower. As at 16 July 2020, an execution ruling (being one of (2020) Qing 01 Zhi Hui No. 51) was issued to terminate the enforcement procedure.

## SECTION 10 FINANCIAL REPORT

**12. COMMITMENTS AND CONTINGENCIES (Continued)****(2) Contingencies (Continued)**

23. Dispute over contract between the Company and its holding subsidiary Qingdao Xinfu Gongchuang Asset Management Company Limited (hereinafter referred to as “Qingdao Xinfu”), Qingdao Liangyou Catering Co., Ltd. (hereinafter referred to as “Qingdao Liangyou”), Shandong Real Estate Development Group Qingdao Company (hereinafter referred to as “Shandong Real Estate”), Liang Yongjian, Wang Xiaoning

From 2017 to 2018, the Company entered into the “Qingdao Hong Kong Landmark Shopping Mall (Ting Town) Project Cooperation Agreement” and supplementary agreements with Qingdao Xinfu, Liang Yongjian, Wang Xiaoning and Shandong Real Estate, respectively. In order to revitalize the Ting Town project, the Company provided loans to Qingdao Xinfu. The principal amount of the expiring creditor’s rights enjoyed by the Company over Qingdao Xinfu was RMB616.3497 million in total, and the final settlement period for Qingdao Xinfu to the Company regarding the loan for each period was 30 April 2020. The calculation of the interests on such loans shall be carried out in accordance with the provisions of the loan contracts in each period, and the project returns shall be repaid to the Company priority in proportion. On 26 June 2017, the Company entered into “Equity Pledge Contract” with Liang Yongjian and Wang Xiaoning. Liang Yongjian and Wang Xiaoning pledged 10% of equity in Qingdao Xinfu to the Company to guarantee Qingdao Xinfu’s obligation to repay the principal and interests of the loans to the Company under the Cooperation Agreement. On 26 June 2017, the Company entered into “Joint Liability Guarantee Contract” with Qingdao Liangyou, and entered into “Joint Liability Guarantee Contract” with Liang Yongjian and Wang Xiaoning. Qingdao Liangyou, Liang Yongjian and Wang Xiaoning were required to bear unlimited joint and several guarantee liabilities for all the principal and interests of Qingdao Xinfu’s loans as confirmed in the “Cooperation Agreement”. On 29 July 2017, the scope of guarantee was extended to loans under the supplementary agreement.

According to the “Cooperation Agreement”, the parties shall with each other to realize the creditor’s rights of all parties through the sales rebate in respect of the project. However, Shandong Real Estate’s failure to pay the project’s land transfer fees caused the failure to dispose of the project and obtain rebate in respect of the project. Shandong Real Estate, as a result, violated the “Cooperation Agreement” and constituted a breach of contract.

As Qingdao Xinfu did not repay the above-mentioned due loans, Qingdao Liangyou, Liang Yongjian and Wang Xiaoning should perform their guarantee obligations. Shandong Real Estate constituted a breach of contract, and the Company in turn filed an arbitration application with the Beijing Arbitration Commission in Beijing, requesting rulings as follows:

- (1) Qingdao Xinfu shall repay the due loan principal of RMB616.3497 million and provisional interest and liquidated damages of RMB244.9593 million;

## SECTION 10 FINANCIAL REPORT

**12. COMMITMENTS AND CONTINGENCIES (Continued)****(2) Contingencies (Continued)**

23. (Continued)

- (2) The Company's creditor's rights over Qingdao Xinfu shall have priority over the creditor's rights of Shandong Real Estate and Liang Yongjian over Qingdao Xinfu;
- (3) The application for the sales of buildings from the lower ground floor to fourth floor of Hong Kong Landmark Shopping Center at No. 93, Hong Kong Road Central, Shinan District, Qingdao City, purchased by Qingdao Xinfu, and the proceeds from the auction sale shall be given priority to pay off the loans in respect of the arbitration request (1) in accordance with the contract;
- (4) The application for the auction of the 6% equity (capital contribution of RMB0.6 million) and 4% equity (capital contribution of RMB0.4 million) of Qingdao Xinfu held by Liang Yongjian and Wang Xiaoning, and the proceeds from the auction sale shall be given priority to pay off the the loans in respect of the arbitration request (1);
- (5) To request a ruling that Liang Yongjian, Wang Xiaoning, and Qingdao Liangyou shall bear the Company's joint liability for settlement within the scope of the arbitration request in (1);
- (6) To request a ruling that Shandong Real Estate shall bear the Company's liability for breach of contract, and the compensation for the Company's interest losses was temporarily calculated at RMB46.1013 million, and if the Company's claim under (1) cannot be fully paid off, it shall then assume supplementary compensation liability;
- (7) A ruling that the five applicants jointly bear the Company's attorney fees, preservation fees, and arbitration fees.

The Beijing Arbitration Commission issued the "Notice on Acceptance of Arbitration Case (2020) Jing Zhong An Zi No. 1571" on 2 June 2020, and accepted the company's arbitration application. Currently, the case is still under trial.

## SECTION 10 FINANCIAL REPORT

**12. COMMITMENTS AND CONTINGENCIES (Continued)****(2) Contingencies (Continued)**

24. Dispute over engineering construction contract between the Company's branch Guiyang Branch and Guizhou Huaren Advanced Materials Co., Ltd. (hereinafter referred to as "Huaren Company")

In October 2020, Guiyang Branch filed an arbitration application to Guiyang Arbitration Commission, requesting Huaren Company to pay the construction fees under general contracting agreement of RMB200.4827 million, construction fees of items excluded in the agreement of RMB23.5687 million, construction quality guarantee deposit of RMB127.3359 million, financing fee resulted from delayed payment of RMB16.5175 million, interests of advances for advance works of RMB21.5168 million and legal fee resulted from assertion of infringement of RMB1.50 million to Guiyang Branch. Huaren Company shall be responsible for the arbitration fees. Guiyang Arbitration Committee issued a notice of arbitration ((2020) Guizhongzi No.0914) and accepted the arbitration application of Guiyang Branch. Currently, the case is under trial.

In May 2021, Huaren Company filed an arbitration application to Guiyang Arbitration Commission, requesting Guiyang Branch to pay to Huaren Company RMB1.4453 million of costs incurred for deficiency elimination, design omissions and a few repairs, RMB14.5866 million of costs for construction and electrolytic cell repair and maintenance, RMB0.8613 million of financing costs, RMB14.6405 million (temporary) of second cell opening fees, RMB0.94 million of fees charged for substandard electrolytic performance, RMB31.3517 million of economic loss and RMB68.4 million of cell damage fees, which totalled RMB145.3236 million, together with the litigation costs. Guiyang Arbitration Committee issued a notice of arbitration ((2021) Guizhongzi No.0687) and accepted the arbitration application of Huaren Company. Currently, the case is under trial.

25. Dispute over engineering construction contract between the Company's Shenyang Branch and Xi'an Geotechnical Engineering Co., Ltd. of China Nonferrous Metals Industry (hereinafter referred to as "Xi'an Geotechnical")

In March 2021, Xi'an Geotechnical filed a lawsuit with the Intermediate People's Court in Luliang City, Shanxi Province, requesting an order against Shenyang Branch for payment of RMB68.4745 million of construction costs and RMB6.9205 million of interests on deferred payment, with all litigation costs to be borne by Shenyang Branch. The Intermediate People's Court in Luliang City, Shanxi Province has accepted the litigation request of Xi'an Geotechnical. Currently, the case is under trial.



## SECTION 10 FINANCIAL REPORT

**12. COMMITMENTS AND CONTINGENCIES (Continued)****(2) Contingencies (Continued)**

26. Dispute over contract between the wholly-owned subsidiary of Equipment Company, the Company's subsidiary, China Aluminum International Shandong Chemical Industry Co., Ltd. (hereinafter referred to as "Shandong Chemical") and Shandong Jiate Plastic Package Co., Ltd. (hereinafter referred to as "Shandong Jiate"), Huang Chunqing, Huang Feng, Lin Yulei, Huang Zhongqing, Huang Shunqing, Zhao Youjie

In November 2019, Shandong Chemical filed a lawsuit with the Zibo Intermediate People's Court, requesting an order to order Shandong Jiate to pay RMB74.6107 million for the goods and RMB3.0382 million for interests; an order requesting the auction and sale of the pledged property under the "Accounts Receivable Pledge Contract" and Shandong Chemical has the priority right of compensation; an order requesting the auction and sale of the pledged property under the "Maximum Equity Pledge Contract" and Shandong Chemical has the priority right of compensation; and an order requesting 6 natural persons, Huang Chunqing, to bear joint and several liabilities for all the payments payable by Shandong Jiate. The Zibo Intermediate People's Court accepted the case on 25 November 2019.

Meanwhile, Shandong Chemical filed an application for preservation of the case. On 2 December 2019, the Zibo Intermediate People's Court issued (2019) Lu 03 Min Chu No. 206 "Civil Ruling", ruling to freeze the bank deposits of 6 natural persons, including Shandong Jiate and Huang Chunqing, in the amount of RMB77.6489 million, or to seal up or seize their properties of corresponding value.

The trial was opened on 22 April 2020. On 16 June, the court ruled that Shandong Chemical won the case, and that Shandong Jiate should pay RMB72.0136 million for the goods and RMB4.8032 million for liquidated damages within ten days of the effective date of the judgment. Shandong Chemical had the right to use the proceeds from the auction and sale of the pledged equity of Huang Chunqing, Huang Feng, and Lin Yulei in Shandong Jiate within the range of RMB150 million, with priority in receiving compensation. Huang Chunqing, Huang Feng, Lin Yulei, Huang Zhongqing, Huang Shunqing, and Zhao Youjie shall assume joint and several liability for the settlement of the debts under the above-mentioned first payment within the range of RMB150 million. Shandong Jiate appealed and the case is currently under trial.

27. Dispute over contract between the wholly-owned subsidiary of Equipment Company, a subsidiary of the Company, Shanghai China Aluminum International Supply Chain Management Co., Ltd. (hereinafter referred to as "China Aluminum Supply Chain"), and Shanghai Golden Elephant Aluminium Co., Ltd. (hereinafter referred to as "Golden Elephant Aluminium")

In July 2020, China Aluminum Supply Chain filed a lawsuit with the People's Court of Pudong New Area, Shanghai, requesting an order to order Golden Elephant Aluminium to pay the contract amount of RMB53.2549 million and the liquidated damages of RMB5.1127 million, and bear all litigation costs. The People's Court of Pudong New Area, Shanghai has accepted the litigation request of China Aluminum Supply Chain. Currently, the case is under trial.



## SECTION 10 FINANCIAL REPORT

### 12. COMMITMENTS AND CONTINGENCIES (Continued)

#### (3) Guarantees

1. Our subsidiary Ninth Metallurgical Construction Co., Ltd. Hanzhong Branch provides several and joint liability guarantee for Mian County Urban Development Investment Co., Ltd. in respect of a RMB95 million loan granted by China Development Bank which matures on 6 January 2023. As of 30 June 2021, the balance of guarantee was RMB21 million.
2. Hanzhong Ninth Metallurgical Construction Co., Ltd., a wholly-owned subsidiary of Ninth Metallurgical Company, which is in turn our subsidiary provides several and joint liability guarantee for Mian County Urban and Rural Infrastructure Construction Co., Ltd. in respect of a RMB100 million loan granted by Agricultural Development Bank of China which matures on 19 October 2027. As of 30 June 2021, the balance of guarantee was RMB59.05 million.

### 13. EVENTS AFTER THE BALANCE SHEET DATE

- (1) Significant non-adjustment items: Nil.
- (2) Profit distribution: Nil.
- (3) Sales return: Nil.
- (4) Description of other events after the balance sheet date: Nil.

## SECTION 10 FINANCIAL REPORT

**14. OTHER KEY MATTERS****(1) Lease****1. Lessor****(1) operating lease**

| <b>Item</b>                                                                                                  | <b>Amount</b>  |
|--------------------------------------------------------------------------------------------------------------|----------------|
| ① Income                                                                                                     | 31,715,747.36  |
| Lease income                                                                                                 | 31,715,747.36  |
| Variable lease payment related income not included in lease receipts                                         |                |
| ② Undiscounted lease receipts to be received in each of the five financial years post the balance sheet date | 186,751,300.00 |
| Year 1                                                                                                       | 41,940,100.00  |
| Year 2                                                                                                       | 36,202,800.00  |
| Year 3                                                                                                       | 36,202,800.00  |
| Year 4                                                                                                       | 36,202,800.00  |
| Year 5                                                                                                       | 36,202,800.00  |
| ③ Total of undiscounted lease receipts to be received in remaining years                                     |                |

**2. Lessee****(1) Lessee information disclosure**

| <b>Item</b>                                                                 | <b>Amount</b> |
|-----------------------------------------------------------------------------|---------------|
| Short-term lease expense charged to profit or loss                          | 14,036,868.60 |
| Low-value asset lease expense                                               |               |
| Variable lease payment not included in the measurement of lease liabilities |               |
| Income from sublease of right-of-use assets                                 |               |
| Total cash outflow related to leases                                        | 4,295,004.64  |
| Relevant profit or loss arising from leaseback transactions                 |               |
| Others                                                                      |               |

See Note 5.(18) for details on right-of-use assets and see Note 5.(52) for details on interest expense on lease obligations.

## SECTION 10 FINANCIAL REPORT

## 14. OTHER KEY MATTERS (Continued)

## (2) Segment report

## 1. From January to June 2021

| Item                                                       | Engineering design and consultancy | Engineering contracting | Equipment manufacturing | Trading          | Inter-segment elimination | Total             |
|------------------------------------------------------------|------------------------------------|-------------------------|-------------------------|------------------|---------------------------|-------------------|
| 1. Operating revenue                                       | 1,117,506,294.79                   | 8,453,260,528.60        | 594,406,083.78          | 290,632,848.08   | 122,283,689.88            | 10,333,522,065.37 |
| Including: revenue generated from contracts with customers | 1,094,316,494.51                   | 8,445,080,908.39        | 590,094,157.20          | 290,186,798.78   | 117,872,040.87            | 10,301,806,318.01 |
| Rental income                                              | 23,189,800.28                      | 8,179,620.21            | 4,311,926.58            | 446,049.30       | 4,411,649.01              | 31,715,747.36     |
| 2. Segment income                                          | 68,815,315.23                      | 68,441,787.14           | -19,115,079.11          | -38,032,318.09   | 273,297.62                | 79,836,407.55     |
| Income tax                                                 | -                                  | -                       | -                       | -                | -                         | 28,593,875.89     |
| Net profit                                                 | -                                  | -                       | -                       | -                | -                         | 51,242,531.66     |
| 3. Total assets                                            | 22,147,172,311.30                  | 29,607,181,000.86       | 3,168,254,347.10        | 4,176,498,900.23 | 3,770,454,232.64          | 55,328,652,326.85 |
| 4. Total liabilities                                       | 12,724,215,487.72                  | 26,628,736,008.53       | 2,086,809,485.51        | 2,390,961,601.28 | 6,113,349,428.65          | 37,717,373,154.39 |

## 2. From January to June 2020

| Item                                                       | Engineering design and consultancy | Engineering contracting | Equipment manufacturing | Trading          | Inter-segment elimination | Total             |
|------------------------------------------------------------|------------------------------------|-------------------------|-------------------------|------------------|---------------------------|-------------------|
| 1. Operating revenue                                       | 1,110,576,747.62                   | 7,337,792,645.93        | 567,798,357.16          | 1,442,293,018.78 | 511,850,306.99            | 9,946,610,462.50  |
| Including: revenue generated from contracts with customers | 1,086,224,046.31                   | 7,331,793,436.27        | 563,486,430.32          | 1,440,691,786.95 | 506,965,807.14            | 9,915,229,892.71  |
| Rental income                                              | 24,352,701.31                      | 5,999,209.66            | 4,311,926.84            | 1,601,231.83     | 4,884,499.85              | 31,380,569.79     |
| 2. Segment income                                          | 7,075,126.22                       | -18,023,639.49          | -37,812,282.34          | -9,687,303.22    | -                         | -58,448,098.83    |
| Income tax                                                 | -                                  | -                       | -                       | -                | -                         | 24,610,867.04     |
| Net profit                                                 | -                                  | -                       | -                       | -                | -                         | -83,058,965.87    |
| 3. Total assets                                            | 21,439,080,536.68                  | 27,649,182,246.58       | 3,037,576,964.91        | 5,771,710,321.78 | 3,773,521,616.19          | 54,124,028,453.76 |
| 4. Total liabilities                                       | 14,373,509,565.14                  | 24,247,576,425.89       | 2,052,609,586.44        | 2,747,094,697.92 | 6,121,670,636.74          | 37,299,119,638.65 |

## (3) Auditor's remuneration

| Auditor's remuneration | From January to June 2021 | From January to June 2020 |
|------------------------|---------------------------|---------------------------|
| Total                  | 1,170,000.00              | 1,170,000.00              |

## SECTION 10 FINANCIAL REPORT

## 14. OTHER KEY MATTERS (Continued)

## (4) Directors', Supervisors' and Employees' Emoluments

## 1. Directors' and supervisors' emoluments

| Director and supervisor                                          | From January to<br>June 2021 | From January to<br>June 2020 |
|------------------------------------------------------------------|------------------------------|------------------------------|
| – Salary, subsidy, allowance and bonus                           | 1,378,365.68                 | 955,860.00                   |
| – Contribution to social security and housing<br>provident funds | 247,144.31                   | 222,983.10                   |
| – Contribution to pension fund                                   |                              | 127,248.96                   |
| Total                                                            | 1,625,509.99                 | 1,306,092.06                 |

For the period/six months ended 30 June 2021:

| Director/supervisor     | Fee | Salary, subsidy, allowance and bonus | Contribution to social security and housing provident funds | Contribution to pension fund | Others | Total        |
|-------------------------|-----|--------------------------------------|-------------------------------------------------------------|------------------------------|--------|--------------|
| Directors               |     |                                      |                                                             |                              |        |              |
| WU Jianqiang            |     | 202,800.00                           | 133,060.00                                                  | 64,478.66                    |        | 400,338.66   |
| ZHANG Jian              |     | 152,100.00                           | 112,220.00                                                  | 64,478.66                    |        | 328,798.66   |
| LIU Jing (ii)           |     | 176,800.00                           | 10,000.00                                                   | 53,708.33                    |        | 240,508.33   |
| GUI Weihua              |     | 71,428.56                            |                                                             |                              |        | 71,428.56    |
| FU Jun                  |     | 71,428.56                            |                                                             |                              |        | 71,428.56    |
| CHEUNG Hung Kwong       |     | 71,428.56                            |                                                             |                              |        | 71,428.56    |
| LI Yihua (i)            |     |                                      |                                                             |                              |        |              |
| Subtotal of directors   |     | 745,985.68                           | 255,280.00                                                  | 182,665.65                   |        | 1,183,931.33 |
| Supervisors             |     |                                      |                                                             |                              |        |              |
| FAN Guangsheng          |     | 202,800.00                           | 174,300.00                                                  | 64,478.66                    |        | 441,578.66   |
| OU Xiaowu (i)           |     |                                      |                                                             |                              |        |              |
| LI Wei (i)              |     |                                      |                                                             |                              |        |              |
| Subtotal of supervisors |     | 202,800.00                           | 174,300.00                                                  | 64,478.66                    |        | 441,578.66   |
| Total                   |     | 948,785.68                           | 429,580.00                                                  | 247,144.31                   |        | 1,625,509.99 |

## SECTION 10 FINANCIAL REPORT

**14. OTHER KEY MATTERS (Continued)****(4) Directors', Supervisors' and Employees' Emoluments****1. Directors' and supervisors' emoluments**

For the period/six months ended 30 June 2020:

| Director/supervisor     | Fee | Salary, subsidy, allowance and bonus |                       |       | Contribution to social security and housing provident funds | Contribution to pension fund | Others | Total        |
|-------------------------|-----|--------------------------------------|-----------------------|-------|-------------------------------------------------------------|------------------------------|--------|--------------|
|                         |     | Basic salary                         | Subsidy and allowance | Bonus |                                                             |                              |        |              |
| Director                |     |                                      |                       |       |                                                             |                              |        |              |
| WU Jianqiang            |     | 202,800.00                           |                       |       | 44,596.62                                                   | 33,035.04                    |        | 280,431.66   |
| ZONG Xiaoping           |     | 202,800.00                           |                       |       | 44,596.62                                                   | 27,591.36                    |        | 274,987.98   |
| WU Zhigang              |     | 172,380.00                           | 7,800.00              |       | 44,596.62                                                   | 22,951.20                    |        | 247,727.82   |
| ZHANG Jian              |     | 152,100.00                           | 7,800.00              |       | 44,596.62                                                   | 20,985.12                    |        | 225,481.74   |
| Subtotal of directors   |     | 730,080.00                           | 15,600.00             |       | 178,386.48                                                  | 104,562.72                   |        | 1,028,629.20 |
| Supervisors             |     |                                      |                       |       |                                                             |                              |        |              |
| FAN Guangsheng          |     | 172,380.00                           | 37,800.00             |       | 44,596.62                                                   | 22,686.24                    |        | 277,462.86   |
| Subtotal of supervisors |     | 172,380.00                           | 37,800.00             |       | 44,596.62                                                   | 22,686.24                    |        | 277,462.86   |
| Total                   |     | 902,460.00                           | 53,400.00             |       | 222,983.10                                                  | 127,248.96                   |        | 1,306,092.06 |

Notes:

- (i) These Directors and supervisors did not receive remuneration for their services provided to the Company. However, they received remuneration for serving as directors and/or supervisors of Chinalco and its certain subsidiaries. Such Directors consider that for each of the periods/six months ended 30 June 2021 and 2020, the total amount of remuneration for services provided to the Company was insignificant.
- (ii) Mr. LIU Jing was appointed as the executive Director of the Company on 25 February 2021 and the service contract commenced from 25 February 2021 and will end upon the date of the election of the next session of the Board
- (iii) The Company does not have a director fee system.

## SECTION 10 FINANCIAL REPORT

**14. OTHER KEY MATTERS (Continued)****(4) Directors', Supervisors' and Employees' Emoluments (Continued)****2. Five highest paid individuals**

- (1) The five highest paid individuals of the Company for the period/six months ended 30 June 2021 included 3 directors and 2 supervisors. Their emoluments have been reported in Directors' and Supervisors' Emoluments. The emoluments of the remaining 2 highest paid individuals are as follows:

| <b>Item</b>                                                     | <b>Amount<br/>incurred for<br/>the current<br/>period</b> |
|-----------------------------------------------------------------|-----------------------------------------------------------|
| Salaries, subsidies, allowances and bonuses                     | <b>658,060.00</b>                                         |
| Contribution to social security fund and housing provident fund | <b>128,957.32</b>                                         |
| Retirement benefits                                             |                                                           |
| <b>Total</b>                                                    | <b>787,017.32</b>                                         |

The emoluments paid to each of the above 5 highest paid individuals for the period/six months ended 30 June 2021 do not exceed RMB1 million.

- (2) The five highest paid individuals of the Company for the period/six months ended 30 June 2020 included 4 directors and 1 supervisor. Their emoluments have been reported in Directors' and Supervisors' Emoluments. The emoluments of the remaining 2 highest paid individuals are as follows:

| <b>Item</b>                                                     | <b>Amount<br/>incurred for<br/>the previous<br/>period</b> |
|-----------------------------------------------------------------|------------------------------------------------------------|
| Salaries, subsidies, allowances and bonuses                     | 180,180.00                                                 |
| Contribution to social security fund and housing provident fund | 44,596.62                                                  |
| Retirement benefits                                             | 25,500.96                                                  |
| <b>Total</b>                                                    | <b>250,277.58</b>                                          |

The emoluments paid to each of the above 5 highest paid individuals for the period/six months ended 30 June 2020 do not exceed RMB1 million.

## SECTION 10 FINANCIAL REPORT

## 15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT

## (1) Accounts receivable

## 1. Accounts receivable disclosed by category

| Category                                                                     | 30 June 2021     |                |                        |                |
|------------------------------------------------------------------------------|------------------|----------------|------------------------|----------------|
|                                                                              | Carrying balance |                | Provision for bad debt |                |
|                                                                              | Amount           | Percentage (%) | Amount                 | Percentage (%) |
| Accounts receivable tested for provision for bad debt on an individual basis | 185,216,646.10   | 8.85           | 73,197,755.80          | 39.52          |
| Accounts receivable tested for provision for bad debt on a collective basis  | 1,907,078,666.25 | 91.15          | 426,839,365.03         | 22.38          |
| Group 1: expected credit loss group                                          | 1,904,470,797.84 | 91.02          | 426,839,365.03         | 22.41          |
| Group 2: receivables from subsidiaries                                       | 2,607,868.41     | 0.13           |                        |                |
| Total                                                                        | 2,092,295,312.35 | 100.00         | 500,037,120.83         | 23.90          |

| Category                                                                     | 1 January 2021   |                |                        |                |
|------------------------------------------------------------------------------|------------------|----------------|------------------------|----------------|
|                                                                              | Carrying balance |                | Provision for bad debt |                |
|                                                                              | Amount           | Percentage (%) | Amount                 | Percentage (%) |
| Accounts receivable tested for provision for bad debt on an individual basis | 185,352,726.10   | 8.23           | 73,333,835.80          | 39.56          |
| Accounts receivable tested for provision for bad debt on a collective basis  | 2,067,633,415.31 | 91.77          | 404,773,668.09         | 19.58          |
| Group 1: expected credit loss group                                          | 2,066,833,415.31 | 91.74          | 404,773,668.09         | 19.58          |
| Group 2: receivables from subsidiaries                                       | 800,000.00       | 0.04           |                        |                |
| Total                                                                        | 2,252,986,141.41 | 100.00         | 478,107,503.89         | 21.22          |

## SECTION 10 FINANCIAL REPORT

**15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)****(1) Accounts receivable (Continued)****1. Accounts receivable disclosed by category (Continued)**

- (1) Accounts receivable tested for provision for bad debt on an individual basis as of 30 June 2021

| Debtor   | Carrying balance | Bad debt      | Aging                           | Expected credit loss rate (%) | Reason for the provision                                                                 |
|----------|------------------|---------------|---------------------------------|-------------------------------|------------------------------------------------------------------------------------------|
| Debtor 1 | 144,937,645.15   | 51,818,754.85 | Within 2 years,<br>over 3 years | 100.00                        | The Company made provisions for credit losses based on the recoverability of the amount. |
| Debtor 2 | 18,900,000.00    |               | 1-2 years                       |                               | The Company made provisions for credit losses based on the recoverability of the amount. |
| Debtor 3 | 13,566,210.00    | 13,566,210.00 | Over 5 years                    | 100.00                        | The Company made provisions for credit losses based on the recoverability of the amount. |
| Debtor 4 | 7,750,000.00     | 7,750,000.00  | Over 5 years                    | 100.00                        | The Company made provisions for credit losses based on the recoverability of the amount. |
| Debtor 5 | 62,790.95        | 62,790.95     | Over 5 years                    | 100.00                        | The Company made provisions for credit losses based on the recoverability of the amount. |
| Total    | 185,216,646.10   | 73,197,755.80 | –                               | –                             | –                                                                                        |



## SECTION 10 FINANCIAL REPORT

**15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)****(1) Accounts receivable (Continued)****1. Accounts receivable disclosed by category (Continued)**

(2) Accounts receivable tested for provision for bad debt on a collective basis

Group 1: Expected credit loss group

| Aging             | 30 June 2021     |                                        |                        | 1 January 2021   |                                        |                        |
|-------------------|------------------|----------------------------------------|------------------------|------------------|----------------------------------------|------------------------|
|                   | Carrying balance | Percentage of expected credit loss (%) | Provision for bad debt | Carrying balance | Percentage of expected credit loss (%) | Provision for bad debt |
| Within 1 year     | 560,182,381.03   | 0.50                                   | 2,800,911.90           | 614,563,607.13   | 0.50                                   | 3,072,818.03           |
| Between 1-2 years | 344,571,369.88   | 10.00                                  | 34,457,136.99          | 532,851,377.05   | 10.00                                  | 53,285,137.71          |
| Between 2-3 years | 324,083,544.29   | 20.00                                  | 64,816,708.87          | 451,761,268.41   | 20.00                                  | 90,352,253.69          |
| Between 3-4 years | 215,374,520.81   | 30.00                                  | 64,612,356.24          | 33,369,689.34    | 30.00                                  | 10,010,906.80          |
| Between 4-5 years | 400,213,461.59   | 50.00                                  | 200,106,730.79         | 372,469,843.05   | 50.00                                  | 186,234,921.53         |
| Over 5 years      | 60,045,520.24    | 100.00                                 | 60,045,520.24          | 61,817,630.33    | 100.00                                 | 61,817,630.33          |
| Total             | 1,904,470,797.84 | -                                      | 426,839,365.03         | 2,066,833,415.31 | -                                      | 404,773,668.09         |

## SECTION 10 FINANCIAL REPORT

**15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)****(1) Accounts receivable (Continued)****2. Provision, recovery or reversal of provision for bad debt from January to June 2021**

From January to June 2021, the provision for bad debt was RMB21,929,616.94. There was no recovery or reversal of provision for bad debt from January to June 2021.

**3. Significant actual accounts receivables written off from January to June 2021**

There was no actual accounts receivable written off from January to June 2021.

**4. Top five debtors of accounts receivable as the end of the period**

| Entity | 30 June 2021     | Percentage<br>in total accounts<br>receivable (%) | Balance of<br>provision for<br>bad debt |
|--------|------------------|---------------------------------------------------|-----------------------------------------|
| No. 1  | 447,923,099.74   | 21.41                                             | 161,456,615.65                          |
| No. 2  | 344,636,400.09   | 16.47                                             | 1,723,182.00                            |
| No. 3  | 296,607,234.60   | 14.18                                             | 24,897,442.42                           |
| No. 4  | 251,207,058.42   | 12.01                                             | 44,534,058.32                           |
| No. 5  | 212,642,980.92   | 10.16                                             | 106,321,490.46                          |
| Total  | 1,553,016,773.77 | 74.23                                             | 338,932,788.85                          |

## SECTION 10 FINANCIAL REPORT

**15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)****(2) Other receivables**

| <b>Category</b>              | <b>30 June 2021</b>     | <b>1 January 2021</b> |
|------------------------------|-------------------------|-----------------------|
| Interests receivable         | <b>329,970,130.52</b>   | 321,458,394.38        |
| Dividends receivable         | <b>641,263,876.54</b>   | 479,788,298.10        |
| Other receivables            | <b>4,803,194,391.72</b> | 4,717,879,114.92      |
| Less: provision for bad debt | <b>7,174,809.74</b>     | 8,133,926.48          |
| <b>Total</b>                 | <b>5,767,253,589.04</b> | 5,510,991,880.92      |

**1. Interests receivable****(1) Classification of interests receivable**

| <b>Item</b>                  | <b>30 June 2021</b>   | <b>1 January 2021</b> |
|------------------------------|-----------------------|-----------------------|
| Entrusted loans              | <b>329,970,130.52</b> | 321,458,394.38        |
| Less: provision for bad debt |                       |                       |
| <b>Total</b>                 | <b>329,970,130.52</b> | 321,458,394.38        |

## SECTION 10 FINANCIAL REPORT

**15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)****(2) Other receivables (Continued)****2. Dividends receivable**

## (1) Classification of dividends receivable

| Item                                                                                   | 30 June 2021   | 1 January 2021 |
|----------------------------------------------------------------------------------------|----------------|----------------|
| Sixth Metallurgical Construction Company of China Nonferrous Metals Industry           | 215,870,462.40 | 161,990,183.96 |
| Ninth Metallurgical Construction Co., Ltd.                                             | 144,168,000.00 | 144,168,000.00 |
| China Nonferrous Metals Changsha Investigation and Design Research Institute Co., Ltd. | 90,374,899.93  | 85,870,499.93  |
| China Aluminum International Technology Development Co., Ltd.                          | 45,000,000.00  | 31,150,300.00  |
| Shenyang Aluminum & Magnesium Design Institute Co., Ltd.                               | 41,866,100.00  | 21,252,414.21  |
| Kunming Survey and Design institute Co., Ltd. of China Nonferrous Metals industry      | 37,593,600.00  | 16,540,600.00  |
| Changsha Engineering & Research Institute Limited for Nonferrous Metallurgy            | 25,616,900.00  | 16,006,800.00  |
| China Aluminum Great Wall Construction Co., Ltd.                                       | 21,252,414.21  | 2,099,600.00   |
| Guangxi Tongrui Investment Construction Co., Ltd.                                      | 8,000,000.00   | 709,900.00     |
| China Aluminum International Aluminum Application Construction Co., Ltd.               | 6,811,600.00   |                |
| Chinalco Southwest Construction Investment Co., Ltd.                                   | 4,709,900.00   |                |
| Total                                                                                  | 641,263,876.54 | 479,788,298.10 |

## SECTION 10 FINANCIAL REPORT

**15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)****(2) Other receivables (Continued)****3. Other receivables****(1) Other receivables by nature**

| <b>Nature</b>                | <b>30 June 2021</b>     | <b>1 January 2021</b> |
|------------------------------|-------------------------|-----------------------|
| Advance                      | <b>27,366,663.60</b>    | 72,000,902.52         |
| Margins and deposits         | <b>10,302,022.64</b>    | 10,384,540.80         |
| Imprest                      | <b>1,230,235.44</b>     | 213,238.11            |
| Others                       | <b>4,764,295,470.04</b> | 4,635,280,433.49      |
| Subtotal                     | <b>4,803,194,391.72</b> | 4,717,879,114.92      |
| Less: provision for bad debt | <b>7,174,809.74</b>     | 8,133,926.48          |
| Total                        | <b>4,796,019,581.98</b> | 4,709,745,188.44      |

**(2) Aging analysis of other receivables**

| <b>Aging</b>      | <b>30 June 2021</b>     |                       | <b>1 January 2021</b>   |                       |
|-------------------|-------------------------|-----------------------|-------------------------|-----------------------|
|                   | <b>Carrying balance</b> | <b>Percentage (%)</b> | <b>Carrying balance</b> | <b>Percentage (%)</b> |
| Within 1 year     | <b>4,543,278,775.33</b> | <b>94.58</b>          | 4,497,338,234.98        | 95.32                 |
| Between 1-2 years | <b>172,121,499.63</b>   | <b>2.18</b>           | 132,610,045.70          | 2.81                  |
| Between 2-3 years | <b>3,188,133.96</b>     | <b>0.07</b>           | 3,320,251.44            | 0.07                  |
| Between 3-4 years | <b>8,257,132.03</b>     | <b>0.17</b>           | 8,257,132.03            | 0.18                  |
| Between 4-5 years | <b>3,611,400.77</b>     | <b>0.08</b>           | 3,611,400.77            | 0.08                  |
| Over 5 years      | <b>72,737,450.00</b>    | <b>2.92</b>           | 72,742,050.00           | 1.54                  |
| Total             | <b>4,803,194,391.72</b> | <b>100.00</b>         | 4,717,879,114.92        | 100.00                |

## SECTION 10 FINANCIAL REPORT

**15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)****(2) Other receivables (Continued)****3. Other receivables (Continued)****(3) Provision for bad debt**

|                                                                   | Stage 1<br>Expected<br>credit loss<br>in the next<br>12 months | Stage 2<br>Expected credit<br>loss for the entire<br>duration of the life<br>(no credit<br>impairment) | Stage 3<br>Expected credit loss<br>for the entire<br>duration of the life<br>(credit-impaired) | Total        |
|-------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|--------------|
| <b>Provision for bad debt</b>                                     |                                                                |                                                                                                        |                                                                                                |              |
| Balance as at 1 January 2021                                      | 284,458.12                                                     | 1,536,672.49                                                                                           | 6,312,795.87                                                                                   | 8,133,926.48 |
| Balance as at 1 January 2021 after reassessment<br>for the period | 275,924.37                                                     | -38,247.06                                                                                             | 7,896,249.17                                                                                   | 8,133,926.48 |
| - transfers to stage 2                                            | -8,533.75                                                      | 8,533.75                                                                                               |                                                                                                |              |
| - transfers to stage 3                                            |                                                                | -1,583,453.30                                                                                          | 1,583,453.30                                                                                   |              |
| - transfers back to stage 2                                       |                                                                |                                                                                                        |                                                                                                |              |
| - transfers back to stage 1                                       |                                                                |                                                                                                        |                                                                                                |              |
| Provision for the period                                          | -173,507.66                                                    | 802,444.22                                                                                             | -1,588,053.30                                                                                  | -959,116.74  |
| Reversal for the period                                           |                                                                |                                                                                                        |                                                                                                |              |
| Write off for the period                                          |                                                                |                                                                                                        |                                                                                                |              |
| Other changes                                                     |                                                                |                                                                                                        |                                                                                                |              |
| Balance as at 30 June 2021                                        | 102,416.71                                                     | 764,197.16                                                                                             | 6,308,195.87                                                                                   | 7,174,809.74 |

**(4) Recovery or reversal of significant provision for bad debt from January to June 2021**

From January to June 2021, provision for bad debt was RMB-959,116.74. There was no recovery or reversal of provision for bad debt from January to June 2021.

## SECTION 10 FINANCIAL REPORT

**15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)****(2) Other receivables (Continued)****3. Other receivables (Continued)**

- (5) Significant actual accounts receivables written off from January to June 2021

There was no actual accounts receivable written off from January to June 2021.

- (6) Top five debtors of other receivables at the end of the period

| Debtor | Nature                                      | Balance as at<br>30 June 2021 | Aging         | Percentage<br>in total other<br>receivable at<br>the end of<br>the period (%) | Balance of<br>provision<br>for bad debt |
|--------|---------------------------------------------|-------------------------------|---------------|-------------------------------------------------------------------------------|-----------------------------------------|
| No. 1  | Principal of and interest on entrusted loan | 1,175,060,253.75              | Within 1 year | 24.46                                                                         |                                         |
| No. 2  | Principal of and interest on entrusted loan | 1,005,733,351.67              | Within 1 year | 20.94                                                                         |                                         |
| No. 3  | Principal of and interest on entrusted loan | 648,782,594.44                | Within 1 year | 13.51                                                                         |                                         |
| No. 4  | Principal of and interest on entrusted loan | 629,143,801.50                | Within 1 year | 13.10                                                                         |                                         |
| No. 5  | Principal of and interest on entrusted loan | 419,365,278.45                | Within 1 year | 8.73                                                                          |                                         |
| Total  | –                                           | 3,878,085,279.81              | –             | 80.74                                                                         |                                         |

## SECTION 10 FINANCIAL REPORT

## 15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)

## (3) Long-term equity investment

| Item                                            | Carrying balance | 30 June 2021                | Book value       | Carrying balance | 1 January 2021              | Book value       |
|-------------------------------------------------|------------------|-----------------------------|------------------|------------------|-----------------------------|------------------|
|                                                 |                  | Provision<br>for impairment |                  |                  | Provision<br>for impairment |                  |
| Investments in subsidiaries                     | 6,946,802,157.94 |                             | 6,946,802,157.94 | 6,792,317,436.38 |                             | 6,792,317,436.38 |
| Investments in associates<br>and joint ventures | 256,651,487.75   |                             | 256,651,487.75   | 251,947,542.43   |                             | 251,947,542.43   |
| Total                                           | 7,203,453,645.69 |                             | 7,203,453,645.69 | 7,044,264,978.81 |                             | 7,044,264,978.81 |

## 1. Investments in subsidiaries

| Investee                                                                           | 1 January 2021   | Increase for<br>the period | Decrease for<br>the period | 30 June 2021     | Provision for                | Balance of                                                 |
|------------------------------------------------------------------------------------|------------------|----------------------------|----------------------------|------------------|------------------------------|------------------------------------------------------------|
|                                                                                    |                  |                            |                            |                  | impairment for<br>the period | provision<br>for impairment<br>at the end of<br>the period |
| Guiyang Aluminum and Magnesium Design Institute Co., Ltd.                          | 598,559,465.50   |                            |                            | 598,559,465.50   |                              |                                                            |
| Shenyang Aluminum & Magnesium Design Institute Co., Ltd.                           | 332,257,365.81   |                            |                            | 332,257,365.81   |                              |                                                            |
| Changsha Engineering & Research Institute Limited for<br>Nonferrous Metallurgy     | 415,612,236.37   |                            |                            | 415,612,236.37   |                              |                                                            |
| China Nonferrous Metals Industry's Twelfth Metallurgical<br>Construction Co., Ltd. | 1,255,780,969.93 |                            |                            | 1,255,780,969.93 |                              |                                                            |
| China Aluminum International Engineering & Equipment Co.,<br>Ltd.                  | 200,000,000.00   |                            |                            | 200,000,000.00   |                              |                                                            |
| China Aluminum International Logistic (Tianjin) Co., Ltd.                          | 184,237,383.73   | 42,650,000.00              |                            | 226,887,383.73   |                              |                                                            |
| Sixth Metallurgical Construction Company of China<br>Nonferrous Metals Industry    | 1,049,165,278.44 | 153,834,721.56             |                            | 1,203,000,000.00 |                              |                                                            |
| China Nonferrous Metals Processing Technology Co., Ltd.                            | 121,479,260.67   |                            |                            | 121,479,260.67   |                              |                                                            |
| Duyun Development Zone Tongda Construction Co., Ltd.                               | 5,000,000.00     |                            |                            | 5,000,000.00     |                              |                                                            |
| China Aluminum International Technology Development Co.,<br>Ltd.                   | 60,000,000.00    |                            |                            | 60,000,000.00    |                              |                                                            |
| Wenzhou Tongrun Construction Co., Ltd.                                             | 60,000,000.00    |                            | 42,000,000.00              | 18,000,000.00    |                              |                                                            |
| China Aluminum International Yunnan Aluminum Application<br>Engineering Co., Ltd.  | 78,000,000.00    |                            |                            | 78,000,000.00    |                              |                                                            |
| Wenzhou Tonghui Construction Co., Ltd.                                             | 27,000,000.00    |                            |                            | 27,000,000.00    |                              |                                                            |



## SECTION 10 FINANCIAL REPORT

**15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)****(3) Long-term equity investment (Continued)****1. Investments in subsidiaries (Continued)**

| Investee                                                                                  | 1 January 2021   | Increase for<br>the period | Decrease for<br>the period | 30 June 2021     | Provision for<br>impairment for<br>the period | Balance of<br>provision<br>for impairment<br>at the end of<br>the period |
|-------------------------------------------------------------------------------------------|------------------|----------------------------|----------------------------|------------------|-----------------------------------------------|--------------------------------------------------------------------------|
| China Aluminum International Investment Management<br>(Shanghai) Co., Ltd.                | 25,000,000.00    |                            |                            | 25,000,000.00    |                                               |                                                                          |
| China Nonferrous Metals Changsha Investigation and<br>Design Research Institute Co., Ltd. | 69,273,189.34    |                            |                            | 69,273,189.34    |                                               |                                                                          |
| Changsha Tongxiang Construction Co., Ltd.                                                 | 10,000,000.00    |                            |                            | 10,000,000.00    |                                               |                                                                          |
| Hunan Tongdu Investment and Development Co., Ltd.                                         | 6,000,000.00     |                            |                            | 6,000,000.00     |                                               |                                                                          |
| Chalieco Hong Kong Corporation Limited                                                    | 65,572,000.00    |                            |                            | 65,572,000.00    |                                               |                                                                          |
| China Aluminum International Engineering (India)<br>Private Limited                       | 5,941,804.59     |                            |                            | 5,941,804.59     |                                               |                                                                          |
| Guangxi Tongrui Investment Construction Co., Ltd.                                         | 250,000,000.00   |                            |                            | 250,000,000.00   |                                               |                                                                          |
| Ninth Metallurgical Construction Co., Ltd.                                                | 80,650,000.00    |                            |                            | 80,650,000.00    |                                               |                                                                          |
| China Aluminum International Aluminum Application<br>Construction Co., Ltd.               | 144,500,000.00   |                            |                            | 144,500,000.00   |                                               |                                                                          |
| Qingdao Xinfu Gongchuang Asset Management<br>Company Limited                              | 9,000,000.00     |                            |                            | 9,000,000.00     |                                               |                                                                          |
| Chalco Shandong Engineering Technology Co., Ltd.                                          | 187,946,928.49   |                            |                            | 187,946,928.49   |                                               |                                                                          |
| Kunming Survey and Design institute Co., Ltd. of China<br>Nonferrous Metals industry      | 263,457,753.51   |                            |                            | 263,457,753.51   |                                               |                                                                          |
| Chinalco Southwest Construction Investment Co., Ltd.                                      | 213,020,000.00   |                            |                            | 213,020,000.00   |                                               |                                                                          |
| Yunnan Miyu Expressway Investment and Development<br>Co., Ltd.                            | 1,074,863,800.00 |                            |                            | 1,074,863,800.00 |                                               |                                                                          |
| Total                                                                                     | 6,792,317,436.38 | 196,484,721.56             | 42,000,000.00              | 6,946,802,157.94 |                                               |                                                                          |

## SECTION 10 FINANCIAL REPORT

## 15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)

## (3) Long-term equity investment (Continued)

## 2. Investments in associates and joint ventures

| Investee                                                               | 1 January 2021 | Increase in investment | Decrease in investments | Investment gain or loss recognized under equity method | Adjustment to other comprehensive income | Other changes in equity | Cash dividends or profits declared | Provision for impairment | Others | 30 June 2021   | Closing balance of provision for impairment |
|------------------------------------------------------------------------|----------------|------------------------|-------------------------|--------------------------------------------------------|------------------------------------------|-------------------------|------------------------------------|--------------------------|--------|----------------|---------------------------------------------|
| 1. Joint ventures                                                      |                |                        |                         |                                                        |                                          |                         |                                    |                          |        |                |                                             |
| Shanghai Fengtong Equity Investment Fund Partnership (Limited Partner) | 8,896,248.22   |                        |                         | 43,649.16                                              |                                          |                         |                                    |                          |        | 8,939,897.38   |                                             |
| Subtotal                                                               | 8,896,248.22   |                        |                         | 43,649.16                                              |                                          |                         |                                    |                          |        | 8,939,897.38   |                                             |
| 2. Associates                                                          |                |                        |                         |                                                        |                                          |                         |                                    |                          |        |                |                                             |
| Chalco-Steering Intelligent Technology Co., Ltd.                       | 5,753,055.92   |                        |                         | -552,345.00                                            |                                          |                         |                                    |                          |        | 5,200,710.92   |                                             |
| Chalco Tendering Company Limited                                       | 18,293,585.78  |                        |                         | 4,937,500.00                                           |                                          |                         |                                    |                          |        | 23,231,085.78  |                                             |
| Yunnan Ningyong Highway Co. Ltd.                                       | 15,000,000.00  |                        |                         |                                                        |                                          |                         |                                    |                          |        | 15,000,000.00  |                                             |
| Yunnan Linyun Highway Co. Ltd.                                         | 15,000,000.00  |                        |                         |                                                        |                                          |                         |                                    |                          |        | 15,000,000.00  |                                             |
| Yunnan Linshuang Highway Co. Ltd.                                      | 15,000,000.00  |                        |                         |                                                        |                                          |                         |                                    |                          |        | 15,000,000.00  |                                             |
| Zhuzhou Tianqiao Crane Co., Ltd.                                       | 174,004,652.51 |                        |                         | 275,141.16                                             |                                          |                         |                                    |                          |        | 174,279,793.67 |                                             |
| Subtotal                                                               | 243,051,294.21 |                        |                         | 4,660,296.16                                           |                                          |                         |                                    |                          |        | 247,711,590.37 |                                             |
| Total                                                                  | 251,947,542.43 |                        |                         | 4,703,945.32                                           |                                          |                         |                                    |                          |        | 256,651,487.75 |                                             |

## SECTION 10 FINANCIAL REPORT

**15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)****(4) Operating income and operating cost**

| Item                               | From January to June 2021 |                | From January to June 2020 |                |
|------------------------------------|---------------------------|----------------|---------------------------|----------------|
|                                    | Income                    | Cost           | Income                    | Cost           |
| 1. Subtotal of principal business  | 252,852,477.77            | 265,485,540.30 | 525,446,885.82            | 500,340,072.63 |
| Engineering contracting            | 204,364,663.54            | 199,426,630.67 | 462,508,357.90            | 430,540,977.53 |
| Engineering design and consultancy | 47,083,999.29             | 65,149,259.14  | 62,938,527.92             | 69,799,095.10  |
| Trading and sales                  | 1,403,814.94              | 909,650.49     |                           |                |
| Less: inter-segment elimination    |                           |                |                           |                |
| 2. Subtotal of other business      | 2,279,807.20              | 13,380.53      | 231,780.67                |                |
| Material sales                     |                           |                |                           |                |
| Leasing                            | 2,279,807.20              | 13,380.53      |                           |                |
| Others                             |                           |                | 231,780.67                |                |
| Less: inter-segment elimination    |                           |                |                           |                |
| Total                              | 255,132,284.97            | 265,498,920.83 | 525,678,666.49            | 500,340,072.63 |

## SECTION 10 FINANCIAL REPORT

**15. NOTES TO FINANCIAL STATEMENTS OF THE PARENT (Continued)****(4) Operating income and operating cost (Continued)****Operating revenue for the current period by time of revenue recognition**

From January to June 2021

| Timing of revenue recognition | Engineering contracting | Engineering survey and design | Equipment manufacturing | Engineering consultancy | Trading and sales |
|-------------------------------|-------------------------|-------------------------------|-------------------------|-------------------------|-------------------|
| At a point in time            |                         |                               |                         | 11,959,807.85           | 1,403,814.94      |
| Over a period of time         | 204,364,663.54          | 35,124,191.44                 |                         |                         |                   |
| Total                         | 204,364,663.54          | 35,124,191.44                 |                         | 11,959,807.85           | 1,403,814.94      |

**(5) Gain on investment**

| Category                                                              | From January to June 2021 | From January to June 2020 |
|-----------------------------------------------------------------------|---------------------------|---------------------------|
| Gain on long-term equity investment accounted for using cost method   | <b>307,595,300.00</b>     | 144,168,000.00            |
| Gain on long-term equity investment accounted for using equity method | <b>4,703,945.32</b>       | 3,759,073.41              |
| Gain from holding other equity instrument investment                  | <b>580,528.74</b>         | 290,264.37                |
| Gain on derecognition of financial asset at amortised cost            | <b>-24,583,853.66</b>     | -26,206,909.00            |
| Gains losses on debt restructuring                                    |                           | 328,102.99                |
| Total                                                                 | <b>288,295,920.40</b>     | 122,338,531.77            |

## SECTION 10 FINANCIAL REPORT

**16. SUPPLEMENTARY INFORMATION****(1) Details of non-recurring profit and loss**

| Item                                                                                                                                                                                                                                                                                                                                                                                                             | From January<br>to June 2021 | From January<br>to June 2020 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| 1. Gain or loss on disposal of non-current assets, including written-off asset impairment provisions                                                                                                                                                                                                                                                                                                             | 2,901,307.99                 | 10,122,833.63                |
| 2. Tax return, reduction or exemption arising from ultra vires approval, without official approval document, or on an occasional basis                                                                                                                                                                                                                                                                           |                              |                              |
| 3. Government subsidies recorded in current P&L (except government subsidies closely related to business operations granted continuously in a fixed amount or quota according to the unified national standards)                                                                                                                                                                                                 | 18,533,944.38                | 10,295,329.87                |
| 4. Financing fee from non-financial enterprises recorded in profit or loss for the period                                                                                                                                                                                                                                                                                                                        | 5,689,232.95                 | 20,060,005.67                |
| 5. Gains arising from the investment costs being smaller than the shared amount of fair value of the identifiable net assets of investees including subsidiaries, associates and joint ventures at the acquisition date                                                                                                                                                                                          |                              |                              |
| 6. Gain or loss on non-monetary asset exchange                                                                                                                                                                                                                                                                                                                                                                   |                              |                              |
| 7. Gain or loss on assets under discretionary investment or management                                                                                                                                                                                                                                                                                                                                           |                              |                              |
| 8. Asset impairment provisions arising from force majeure factors such as natural disasters                                                                                                                                                                                                                                                                                                                      |                              |                              |
| 9. Gain or loss on debt restructuring                                                                                                                                                                                                                                                                                                                                                                            |                              | 158,620.93                   |
| 10. Restructuring costs, such as employee settlement cost and integration cost                                                                                                                                                                                                                                                                                                                                   |                              |                              |
| 11. Gain or loss in excess of fair value arising from obviously unfair transactions                                                                                                                                                                                                                                                                                                                              |                              |                              |
| 12. Net profit or loss of subsidiaries arising from business combination under common control for the period from the beginning of the reporting period to the combination date                                                                                                                                                                                                                                  |                              |                              |
| 13. Gain or loss on contingencies not related to usual operations of the Company                                                                                                                                                                                                                                                                                                                                 |                              |                              |
| 14. Gain or loss on changes in fair value arising from holding held-for-trading financial assets, other non-current financial assets and trading financial liabilities, and gain on investment from disposal of held-for-trading financial assets, other non-current financial assets, and trading financial liabilities, except for the effective portion of hedging related to usual operations of the Company |                              |                              |
| 15. Reversal of loss allowance for receivables tested for impairment on an individual basis                                                                                                                                                                                                                                                                                                                      | 6,168,810.47                 | 3,227,316.09                 |
| 16. Gain or loss on entrusted loans                                                                                                                                                                                                                                                                                                                                                                              |                              |                              |
| 17. Gain or loss on changes in the fair value of investment property subsequently measured at fair value                                                                                                                                                                                                                                                                                                         |                              |                              |

## SECTION 10 FINANCIAL REPORT

**16. SUPPLEMENTARY INFORMATION (Continued)****(1) Details of non-recurring profit and loss (Continued)**

| Item                                                                                                         | From January<br>to June 2021 | From January<br>to June 2020 |
|--------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| 18. Impact of non-off adjustments to current P&L as required by taxation and accounting laws and regulations |                              |                              |
| 19. Trustee fee income from entrusted operations                                                             |                              |                              |
| 20. Other non-operating income and expenses other than above items                                           | -3,623,944.42                | 37,350,222.60                |
| 21. Other items falling within the definition of nonrecurring gain or loss                                   | -4,015,213.41                |                              |
| 22. Impact of income tax                                                                                     | 3,853,609.39                 | 16,033,981.54                |
| 23. Impact of minority interests                                                                             | 1,430,071.91                 | 7,767,184.92                 |
| Total                                                                                                        | 20,370,456.66                | 57,413,162.33                |

**(2) Net asset yield and earnings per share**

| Profit for the<br>reporting period                                                    | Earnings per share                       |                              |                              |                              |                              |                              |
|---------------------------------------------------------------------------------------|------------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|                                                                                       | Weighted average<br>net assets yield (%) |                              | Basic earnings per share     |                              | Diluted earnings per share   |                              |
|                                                                                       | From January<br>to June 2021             | From January<br>to June 2020 | From January<br>to June 2021 | From January<br>to June 2020 | From January<br>to June 2021 | From January<br>to June 2020 |
| Net profit attributable to ordinary shareholders                                      | -0.39                                    | -2.55                        | -0.01                        | -0.07                        | -                            | -                            |
| Net profit attributable to ordinary shareholders<br>net of non-recurring gain or loss | -0.68                                    | -3.24                        | -0.01                        | -0.09                        | -                            | -                            |

## SECTION 10 FINANCIAL REPORT

**16. SUPPLEMENTARY INFORMATION (Continued)****(2) Net asset yield and earnings per share (Continued)****Breakdown of earnings per share**

| Item                                                         | From January<br>to June 2021 | From January<br>to June 2020 |
|--------------------------------------------------------------|------------------------------|------------------------------|
| Net profit attributable to the parent company for the period | <b>3,365,857.05</b>          | -143,153,691.94              |
| Less: interest on other equity instruments declared          | <b>27,805,555.96</b>         | 66,258,333.72                |
| Subtotal                                                     | <b>-24,439,698.91</b>        | -209,412,025.66              |
| Weighted average number of ordinary shares in issue          | <b>2,959,066,667.00</b>      | 2,959,066,667.00             |
| Basic earnings per share                                     | <b>-0.01</b>                 | -0.07                        |

Chairman: WU Jianqiang

Submission Date Approved By the Board: 23 August 2021

**REVISION INFORMATION**☐Applicable    ☒Not applicable